CANADA'S WEEKLY NEWSMAGAZINE | www.macleans.ca FEBRUARY 3 2003

# MACLEAN'S

GROWING DOUBTS
Washington wants war, but its allies don't

HOCKEY DECADE
The NHL's Gary Bettman on 10 years at the helm

EVIL ON WHEELS
Are SUV drivers helping international terrorism?

## HOW TO PROTECT YOUR MONEY

War. Scandal. Scary markets. It's time to invest defensively. Canada's top money experts tell you what to do.

## THE BEST AND WORST MUTUAL FUNDS 2003

$4.50
05
55113 70001 9

SPECIAL SPORTSNET MAGAZINE




# Some people are just lucky. For the rest of us it takes planning.

Although a gift of good fortune can be a little more exciting, planning is still the best way for you to reach your financial goals. That's why Mackenzie Financial, with more 5-star Morningstar rated funds than any other fund company, has been working with Canadians on achieving their goals for over 35 years. Talk to your financial advisor about a plan that includes Mackenzie mutual funds. Because building financial independence doesn't mean you have to do it on your own. **Mackenzie Mutual Funds. Choose Wisely.**

Mackenzie MUTUAL FUNDS

Morningstar Star Ratings reflect performance as of December 31, 2002 and are subject to change monthly. The Ratings are an objective, quantitative measure of a fund's historical risk adjusted performance relative to other funds in its category. Only funds with at least a three-year track record are considered. The overall rating is a weighted combination of the 3, 5 and 10-year ratings. For more details on the calculation of these Ratings, see www.morningstar.ca. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

MACLEAN'S

**Publisher** Paul Jones

**Vice-President, Advertising Sales** Deborah Trepanier

**Advertising Sales (416) 596-5311**
E-mail: adsa@macleans.ca
**Western Sales Manager** Bill Moore
**Montreal Director of Advertising Sales** Lynn Giguère
**Director, Special Projects** Rolfe Janes

**Account Managers** Tanemby Marie-Claude Beaudry, Nick Cino, Lorraine Hoeffler, Colin Jacobs, Debra Sang, Shelley Tait, Michael Travers (Sr. Acct. Mgr.), Jo-Anne Visconti, Robb McMullan (rmcmullan@ca) Montreal: Michèle Alie, Julie Choquette, Dick Donohue, Louise-Helene Lanctot

**U.S. & International Advertising Representatives** Northeastern U.S.: Nicola Clayton, Western U.S.: Peter B. Swett, England, Scandinavia: David O'Neil, France, Holland, Belgium, Switzerland: Bernard Pingree, Germany, Benato Gauf, Arne Gaul, Spain, Portugal: Fionn O'Brien, Hong Kong: Jin Kwan, Japan: Shigeru Kobayashi, Singapore, Malaysia: Steve Leete, Thailand: Jackie Tisaphamotkul

**Advertising Services Manager** Kathryn Murphy
**MMS Supervisor** Berba a Lewecki
**Sales Co-ordinators** Allison Burley, Céline Gauthier, Veronica Serhijczuk
**Receptionist** Barbara Murray

**Assistant to the Publisher** Sally Dales

**Director of Marketing Communications** Marlene Cruz
**Art Director** Margaret Kalaska Kocurkiewicz
**Assistant Art Director** Dana Venne
**Marketing Supervisors** Julia Brunne, Lina Graham
**Creative Services Specialist** JoAnne Summers
**Intern** Kyla Harrison (Art)

**Director of Research** Ann Heinmaa

**Production Supervisor** Hendrik McDermott

**Consumer Marketing Director** Bruce Murray
**Manager, Operations** Dan McPhail

**Manager, In-Class Program** Marzena Kucharski
**Assistant Manager, Customer Service** Mary Antolik
**Reprint Services** Michelle Hegland (877-458-9311)

**ROGERS MEDIA INC.**

**President & Chief Executive Officer** Anthony P. Viner

**ROGERS PUBLISHING LTD.**

**President & Chief Executive Officer** Brian Segal
**Senior Vice-President, News & Business Group** Paul Jones
**Senior Vice-President, Business Information Group** Harvey Britton
**Senior Vice-President, The Women's Group** Donna Clark
**Senior Vice-President, Sales, Consumer Magazines** Mitch Dent
**Vice-President, News & Business, Consumer Magazines** Sandra McInnis
**Account Manager, Corporate New Business Development** Teena Arora
**Senior Vice-President, Consumer Marketing Division** Michael J. Fox
**Senior Vice-President, Healthcare and Financial Services Group** John McIntyre
**Vice-President, Business Planning** Ivonne Chee-Wah
**Vice-President, Consumer Marketing** Tracey McKinley
**Vice-President, Production** John Hall

**NEWS & BUSINESS GROUP**

**Vice-President, Business Publishing** Deb Rosser
**Vice-President, Sales** Kathryn Brownlie
**Vice-President, Sales** Deborah Trepanier
**Vice-President, Sales & Marketing, U.S. Northeast** Nicola Clayton
**Production Director** Sam Cheddie
**Director of Online Marketing** Mark Jones
**Web Advertising Services Manager** Walter Amaya
**Director of Marketing** Rachael MacKenzie
**Group Director, Consumer Marketing** John Matyjaki
**Director of Research Services** Shaan Murray
**Director, Retail Sales** Peter Wiseo
**Manager of Public Relations** Sunset Khanna
**Business Manager** Aysha Uraz
**Controller** Elnineta Jaroszka

ROGERS

*Maclean's*, established 1905, is published weekly except for occasional combined, expanded or premium issues, which count as two subscription issues, by Rogers Publishing, 777 Bay St., Toronto, Ont. M5W 1A7. Montreal office: 1001 de Maisonneuve Blvd. West, Montreal, Que. H3A 3E1. Vancouver office: Ste. 900, 1130 West Pender St., Vancouver, B.C. V6E 4A4. Contents Copyright© 2002 by Rogers Publishing Limited; may not be reprinted without permission. *Maclean's* ISSN 0024-9262. Full subscription prices for one year, including taxes: $55.68 (GST), $59.21 (HST/QST). U.S.A., $64.48 surface; all other countries, $210 c/o airmail. CANADIAN POSTMASTER: Undeliverable copies and change of address notices to *Maclean's*, P.O. Box 1600, Postal Station A, Toronto, Ont. M5W 2B8. Publications Mail Agreement 40070230 registration number 08373. We acknowledge the financial support of the Government of Canada, through the Publications Assistance Program (PAP) and the Canada Magazine Fund, toward our mailing and editorial costs. U.S. POSTMASTER: Periodicals postage paid at Buffalo, NY USPS 0671O. Send address changes (form 3579) to *Maclean's*, P.O. Box 4541, Buffalo, NY 14240
Printed in Canada by Quebecor World Inc.

The Audit Bureau of Circulations Member

PMB




HUSSEIN MALLA/CP (ABOVE); PHOTOGRAPH BY MICHAEL SCHMELLING

# MACLEAN'S

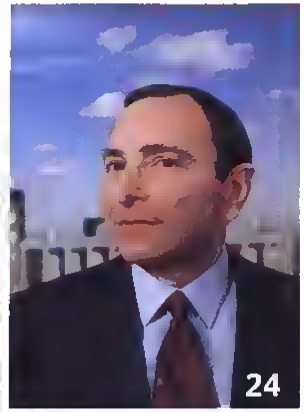
CANADA'S WEEKLY NEWSMAGAZINE

## Cover Story

## PROTECTING YOUR MONEY

After a tough year, what can investors do as the RRSP deadline looms? Our experts have advice.

28




## Features

16 **Iraq** | Growing doubts
As world leaders try to sway the U.S. from war with Iraq, Washington seeks a new home for Saddam Hussein

20 **Politics** | 'Dumb as a bag of hammers'
Jean Chrétien's proposed party finance reforms anger critics—and they're mainly in his own Liberal party

21 **Tragedy** | Death in the backcountry
An avalanche kills seven highly experienced skiers on an adventure tour north of Revelstoke, B.C.

22 **Law** | That lost feeling
Even though they were born in Canada, some people have to fight to claim their Canadian citizenship. Blame it on legislation from 1947

24 **Q&A** | Gary Bettman
The NHL commissioner, reflecting on 10 years in the job, says he's committed to keeping the Senators in Ottawa

26 **Life** | A huge image problem
SUV drivers are facing a growing campaign to portray them as arrogant, environmentally unfriendly road hogs.

42 **Photography** | Sublime vestiges
Edward Burtynsky's pictures of sites like mining wastelands and recycling works arise from his interest in the production and disposal of everyday things

46 **Film** | Down by the bays
*The Bay of Love and Sorrows* is a bleak descent into back-road realism, *Chaos and Desire* is a cosmic fable in which anything seems possible.

## Sections

6 **Letters**
11 **The Week**
**Military** Friendly-fire apology
**Scorecard**
**Census** The world at home
**Cartoon**
**Passages**
**Aid** Borderless engineers

48 **Closing Notes**
**People** A master guitarmaker
**Listings** Off to the art gallery
**Sport** The birthplace of hockey
**Film** Philip Seymour Hoffman
**Diversions** Actress Tamara Hickey
**Books** A taste for Tartt
**Best-sellers list**

## Columns

4 **The Editor's Letter**
14 **Mansbridge on the Record**
40 **Donald Coxe**
41 **Peter C. Newman**
45 **Over to You**
52 **The Back Page**



# MINISTERS VS. MEDICARE

## The worst enemies of public health care are the governments in charge

**SHORTLY BEFORE** Christmas, a sudden ailment put me in hospital for several days. There were delays in receiving treatment, and hospitals are never the most comfortable places--but the personal care was first rate. The same is true of follow-up treatment: it takes a while for an appointment, and they always run late--but amid worries about the future of health care, the one thing you almost never hear is criticism of the quality of Canadian doctors, nurses and support personnel. It's the aging, insufficient infrastructure around them--and the overload they face--that causes concern.

Given my experience, and last week's provincial and territorial conference on health care, the topic has been front-of-mind in our house. That doesn't always make for cheery talk, especially after the premiers rejected a proposal that Jean Chretien had outlined earlier in the week. They disagreed over the usual issues: how much money Ottawa should give the provinces, and how much control over uniform standards it should gain--or give up.

So even as both sides agree that our system needs billions of extra dollars to function properly, the bickering, delays or denies the infusion of that money. It also feeds the perception that governments mess up everything they touch--which plays to the case of supporters of privatized health care. There are several supposed truisms in debates over the merits of the public vs. the private sector. One is the presumption that business always does things more efficiently and cheaply. But, in principle, that doesn't scan. A government, after all, isn't expected to make money, since its raison d'être is serving the public. In health care, service, not profit, counts most. A business, on the other hand, has to be profitable--so it builds an extra margin in on top of other costs. If, then, all else is equal, the public service should be able to offer the same services more cheaply.

That doesn't often seem to be the case, given repeated revelations of government waste. But we hear such stories precisely because governments are accountable to everyone--as opposed to private companies, which don't have to undergo such scrutiny. Another argument for privatization is that freedom of choice should always be paramount. That's true of buying ties or cars--but surely not of health care: you don't usually ask to choose between sickness and health. It's like that old line that "justice is open to everyone--just like the Ritz." The only people who can always choose doctors and treatments in a privatized system are those with deep enough pockets. Choice, then, becomes a privilege, not a universal right.

The most constructive contribution to the debate comes from neither critics nor first ministers. A group of 70 Canadians, ranging from former Liberal prime minister John Turner to prominent Tory Hugh Segal to ex-NDP premier Bob Rae, put forward precise proposals ranging from funding (the feds should bump their share of financing up to 25 per cent from the present 14 per cent), to new priorities (universal coverage of prescribed drugs above "catastrophic" cost levels), to improved equipment (such as the purchase of more MRIs).

The group formed, they wrote--in ads printed nationally--out of fear that if the feds and provinces can't agree, "medicare is likely to disintegrate into limited programs varying across Canada." Next up is a first ministers' conference Feb. 4-5 in the nation's capital. For now, medicare is like that joke about the weather: everyone talks about it, but no one ever does anything about it. Appropriately, the only sure thing we can count on happening on those days will be a burst of hot air in Ottawa.

Anthony Wilson-Smith

response@macleans.ca to comment on The Editor's Letter


MACLEAN'S

CANADA'S WEEKLY NEWSMAGAZINE

**Editor:** Anthony Wilson-Smith

**Executive Editors:** Michael Benedict, Bob Levin
**Deputy Editor:** Peter Kopelman
**Editor at Large:** Ann Dowsett Johnston
**Assistant Managing Editors:** Patric a Huchy, Robert Marshall, Barbara Wickward
**Section Editors:** James Bagnall, Shanda Deziel, Tom Fennell, Barbara Wickens
**National Correspondents:** Jonathon Gatehouse (National Affairs), Mary Janigan (Public Policy), Katherine MacKenzie (Business)
**Senior Writers:** Brian Bethune, Sharon Doyle Driedger, Brian D. Johnson, Robert Sheppard
**Associate Editors:** Sue Ferguson, Daniela Hawaleshka, Susan McClelland
**Assistant Editor:** Amy Carmenn

**Bureaus:** Ottawa: John Geddes (Editor/Chief, on leave), Julian Beltrame, Atlantic: John Bedford, Quebec: Benoit Aubin, Prairies: Brian Bergman, British Columbia: Ken MacQueen
**Research:** Patricia Treble (Chief), Meg Floyd, Robert Heshowsky, John Intini, Michael MacLean, Cynthia Reynolds, Michael Snider (Researcher-Reporters)
**Library:** Sandra McGregor, George Serhijczuk (Library Technicians)
**Proofreader:** Barbara Righton

**DESIGN**
**Art Director:** Donna Braggins
**Deputy Art Director:** Gary Hall

**Art Department:** Elizabeth Greenshields (Senior Designer), Jamal Hamilton (Designer), Joe Bartosz, Bon Pajkowski, Jason Pard, Fernando Pisani, Marbie Pesonio, Geneviève Thomas, Rob Wilson (Contributing Artists)
**Photo Department:** Kristine Pyal (Photo Editor), Catherine Bean (Contributing Photo Editor), Peter Bregg (Chief Photographer), Tracy Boyle, Jeff Harris (Assistant Photo Editors)

**PRODUCTION AND TECHNOLOGY**
**Director:** Sean McCluskey
**Design Co-ordinator:** Buffy Barrett
**Systems Co-ordinator:** Joe Fewer

**ADMINISTRATION**
**Manager of Editorial Services:** Chris Johnston
**Editorial Receptionist:** Haze Wills

**Cartoon Editor:** Terry Mosher (Aislin)
**Contributing Editors:** Barbara Amiel (London), Sally Armstrong, John Bemrose, Warren Cerapio (Asia), Rob Carrick, Ronald Coke, Mary Dwyer, Will Ferguson, Allan Gregg, Nicholas Jennings, Arthur Kent, Robert Lewis, William Leuther (Washington), Carl Mollins, Peter C. Newman, Jane O'Hara, Chris Wood (Vancouver)
**Correspondents:** Jerusalem: Eric Silver, New York City: Jennifer Gould
**Online Services: macleans.ca** Derek Chezzi (Editor), Robert Scott (Associate Editor)

**Publisher:** Paul Jones


## How to Reach Us

**By e-mail:**

■ **For letters to the editor, press releases, story proposals: letters@macleans.ca**
With letters, please supply name, address and daytime telephone number. We welcome readers' views, but letters may be edited for space, style and clarity. Selected letters may appear in Maclean's electronic edition.

■ **For Over to You: overtoyou@macleans.ca**
Submissions to our Over to You guest column that reflect the manners, joys and lessons of everyday life should contain no more than 1,100 words.

**Maclean's**
**777 Bay St., 7th floor**
**Toronto, Ont. M5W 1A7**
Editorial Department
**(416) 596-5386**
**Fax (416) 596-7730**

## Maclean's Subscriber Services

**By phone:**
1 800 MACLEANS
(1-888-622-5326)
**In Toronto:**
(416) 596-5523

**Office hours:**
9 a.m. to 7 p.m. EST

**By mail:**
777 Bay St., 8th floor
Toronto, Ont. M5W 1A7
**On the Web:**
www.macleans.ca/service
**By e-mail:**
service@macleans.ca

**Customer Care Services**
Visit us online to
■ Subscribe or renew your subscription
■ Change your mailing address
■ Check your account status
■ Report delivery problems
■ Check your payment standing
■ Give the gift of Maclean's
■ View our privacy policy
■ Access a full text version of the current issue
■ Search our archives for the past three years
■ Learn about the Maclean's in Class Program

**Mail preferences.**
From time to time, other organizations ask Maclean's if they may send some of its subscribers information about products or services that might be of interest. If you prefer that we not provide your name and address (e-mail and/or postal), contact us in any of the ways listed at left.

**Fragrance-free reading:**
Subscribers who do not wish to receive advertisers' scented strips in their copies of Maclean's should contact us by phone, mail or e-mail.




'Paul Martin No. 1 on the watch list? It's a joke, right? We should indeed watch this man who likes to collect money, but gets no joy in spending.' —A. E. GREEN Charlottetown

### Fifty and counting

I commend the inclusion of Chief Clarence Louie in the list of "50 Canadians to watch in 2003" (Cover, Jan. 20). Your recognition of the progress that is being realized through business development—whether by individual Aboriginal entrepreneurs or by leaders like Chief Louie—reflects the emergence of a new generation of First Nation, Inuit and Metis players in the Canadian economy.

**Roy Whitney,** Chairperson, National Aboriginal Economic Development Board, Calgary

Wow, I was just noticing that there are six, or maybe even seven women in your list of 50 Canadians to watch this year. Are you sure you're not overdoing it?

**Katherine Reed,** Fisherman's Harbour, N.S.

I'm very proud to be in a country that produces so many outstanding politicians, performers and athletes. I am also very proud to be in a country that produces so many remarkable researchers like Dr. Tom Hudson, Dr. Marco Marra, Dr. Timothy Caulfield, Dr. Bartha M. Knoppers, Dr. Rob Holt, Dr. Stephen Sherer, Dr. Christoph Sensen, Dr. Peter Singer and Dr. Jayne Danska. Some of these researchers are making discoveries and working in fields, such as genomics and proteomics, that are changing the world we live in, so I must say I was a little disappointed that none of these names, or researchers in general, appeared on the list.

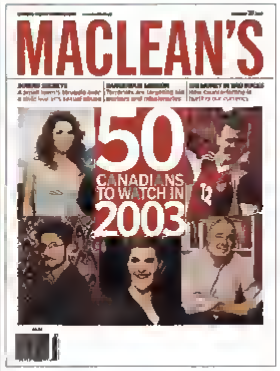
**Anie Perrault,** Vice-President, Communications, Genome Canada, Ottawa

As a student of the French language, I was pleased to see the name of Marie Laberge in the article. In my French-language group, I have read many excellent novels written by Quebec authors and regret that they are not available in English. I am delighted that the Laberge trilogy, *The Taste of Happiness*, will be translated.

**Gordon M. Fleming,** Richmond Hill, Ont.

Steve Nash was born in Johannesburg, South Africa, and is not, in fact, a "legit Canadian-born NBA superstar," as you put it. The official NBA site says he is, but it's wrong, too.

**Paul Wu,** Vancouver




I won't claim, as do Winnipeg's civic boosters, that Winnipeg is Canada's cultural capital—yet! But I find it galling that *Maclean's*, in finding that "Winnipeg (*quelle surprise*) is something of a cultural incubator," perpetuates the notion of smaller centres as cultural backwaters. The city has long been acknowledged for the talent of its artistic community, domestic and export.

**Danny Schur,** Winnipeg

### CORRECTIONS

The cartoon in The Week section of last week's issue was the work of Susan Dewar and not, as the credit erroneously stated, of our cartoon editor Terry Mosher (Aislin). *Maclean's* regrets the error.

Industry Minister Allan Rock did not "launch" an investigation into Brian Mulroney's alleged role in the Airbus purchases, as we reported last week. He was minister of justice in 1995 when officials in that department made allegations about Mulroney in a letter to Swiss authorities, without Rock's knowledge.

### Church and state

Barbara Amiel says that Islam needs to reconcile with modernism ("Echoes of the '80s," Column, Jan. 20). But many Muslims, and many of other faiths, see modernism as a problem. It produced a false dichotomy of science and religion, medicine and health, and served to compartmentalize our lives. It lacked harmony in its separation of faith and the rest of life. I am thankful that we now live in a postmodern world, in some respects. Amiel, like many of us, still lives in a modern world that doesn't want integration.

**Neil Bergman,** Bedford, N.S.

Barbara Amiel says "The separation of state and church is entirely alien to Islam" and suggests that Christendom has made that leap. I reject that thesis. The city in which I live has an Islamic population that represents about 10 per cent of the total population, a large minority by today's standards. Never have I heard a whisper of suggestion that those persons expect to have a right to have a voice in local government based on their religion. On the other hand, we have England, where the Church of England is the established church, Vatican City, where the Roman Catholic Church is the secular authority, and Israel, where the Jewish religion has perquisites not known in other nations.

**Charles Chapman,** London, Ont.

### The roots of conflict

Wow! Warren Kinsella (the Dick Morris/James Carville of Canadian politics) finally has something worthwhile to say regarding the left's affinity for anti-Semitism ("The new anti-Semitism," The Back Page, Jan. 20). He's way off the mark, though, in asserting that this love affair is something new. Leftist anti-Semitism has existed from the beginning of socialism. Stalinism, German National *Socialism*, the anti-Semitism of the French Communist Party, the anti-Semitic character of the post-war purge trials in Eastern Europe, etc. None of that even factors in the radical Arab world's attitude toward "Zionism." So let's not be even remotely surprised by its progression into the 21st century.

**Del Ford,** Seosan, South Korea

Warren Kinsella's column contains a number of half-truths and outright lies. First, his



THINKING BEYOND THE BOX.

In today's climate, like most investors you are market-wary and concerned. AIM Trimark Investments applies a 'bigger picture' perspective to investing. We have practical tools and financial solutions to help keep you focused on achieving long-term financial success.

Call your financial advisor to learn more about our thinking beyond the box.

AIM TRIMARK

1.800.874.6275

www.aimfunds.ca

†AIM, the chevron logo and all associated trademarks are trademarks of A I M Management Group Inc., used under licence.
*TRIMARK and all associated trademarks are trademarks of AIM Funds Management Inc.

contention that those killed in Israel by suicide bombers were targeted "for being Jews." In fact, many of the most recent victims of these bombers were migrant workers, most from Christian Romania. The current intifada, like the one that preceded it, wasn't born out of anti-Semitism, rather it is the struggle of an entire people to be free of oppression. The fact that the oppressors are Jewish matters not at all. Secondly, while Martin Luther King was undoubtedly a great man, his statement that "anti-Zionist is inherently anti-Semitic" is just plain wrong. King's statement is akin to saying that all who dislike Maoism dislike the entire Chinese people. Finally, the protest against former Israeli prime minister Benjamin Netanyahu's appearance at Concordia was not an example of anti-Semitism at work. Would Kinsella presume to declare a similar protest against, say, Robert Mugabe an example of racism against Africans? Of course not. But obviously, many in Canadian society consider both men to be criminals.

**Patrick Page,** Kingston, Ont.

Thank you for this article that acknowledges the fear living in the hearts of every person in Israel. One who has not been in Israel simply cannot fathom how scary it is to board a bus, enter a mall or restaurant or even be in a car that stops next to a bus. We need to understand how the Palestinians are shattering the lives of the Israeli people.

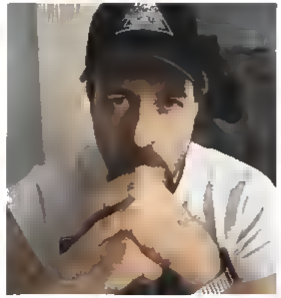
**Frank L. Tiess,** Toronto

### Assault in a small town

Having lived in Marathon, Ont., for 10 years and nearby Manitouwadge for 25, I know how close knit a community can be ("Sordid secrets," Justice, Jan. 20). I'm certain some people suspected, but I don't think (especially 20 years ago) that they felt this tragedy could really happen. We believed then that molesters were weirdos, not teachers or mayors. Does that make the town of Marathon and the school board responsible? I'm glad I'm not the judge or jury on this one.

**Suzanne Bronkhorst,** Saskatoon

It is sad and horrifying to think of so many young men being subjected to abuse in Marathon, Ont., by a trusted teacher. I applaud Paul Parent and others for coming forward and seeking retribution, as it will help in the healing process. When we see juve-



Paul Parent seeks justice for his abuse

nile delinquents who are angry and commit crimes against others, we are more than likely looking at someone who was abused gravely as a child. They enter society with a huge problem with authority and a very muddled view of the rules that we need to play by to get along in this world.

**Melora Sturkenboom,** Fort McMurray, Alta.

### Missionary zeal

Prof. Willard Oxtoby makes his own moral judgment when stating that "No one has the moral right to tell someone they can't find salvation without Christianity" ("Dangerous mission," Terrorism, Jan. 20). Why not, if that is their belief? Muslims believe that all non-believers are infidels. This is a common tenet in many religions. Oxtoby, however, makes no moral judgment on the fact that defection from Islam is punishable by death. He assesses blame for the attacks on missionary workers on a mix of religion and politics. Why do we keep finding reasons to blame ourselves for the acts of Muslim terrorists?

**Pamela Dawson,** Burnaby, B.C.

How would the Southern Baptists like it if some of the 25 million Muslims living peaceably in North America came around knocking on doors, telling Baptists they believed in the wrong things? Since when did it become a "duty" to tell others they are wrong?

**Dick Meyer,** Montreal

### Clashing

I don't know whether to be amused or insulted by the juxtaposition of your Joe Strummer eulogy ("Clashing unto death," Appreciation, Jan. 13) with the cover story on Avril Lavigne ("Avril's edge," Cover, Jan. 13) and the accompanying piece featuring Sum 41 ("Abrasive in Ajax"). The music created by Strummer and his contemporaries was an introductory call to political action for a generation of young people, and in many cases provided the basis for an ideology we still take to the voting booth 20 years later. The music of Lavigne and Sum 41 is the soundtrack for junior high sock hops. If this is punk, then Strummer literally is the embodiment of the music—punk is dead.

**Brent Sedo,** Hubbards, N.S.

The roots of Ajax, Ont., being the punk rock capital of Canada reach back to the mid-1960s when the town's recreation department sponsored weekly Saturday afternoon concerts, attracting on average 300 kids per show (admission: 50 cents) and featuring local garage bands with such strange names as the Condor Pesants and the Warlocks. If Ajax punk rockers stand tall today, it is because of those town councillors and adult volunteers who generously gave up their Saturday afternoons so that teenagers could develop music their own way.

**Gary O'Brien,** Ottawa

### The wrong Bee Gee

You were mistaken in stating that the bandmates and brothers of Maurice Gibb were Andy and Barry (Passages, Jan. 27). Andy, although a brother, was never a Bee Gee, and he has been dead since 1988. Robin Gibb is the bandmate and twin brother of Maurice.

**Meg Ellsworth,** St. Catharines, Ont.

### Death of a child

Gosh! I am saddened by what happened to 12-year-old Claire Lewis ("She didn't have to die," Health, Dec. 30). Sad that Claire left this earth too soon, as a result of the not-too-gentle push of what appears to have been institutional incompetence, indifference at all levels and inadequate patient-care policies. But angry, too, that no one specific physician seemed to be responsible for her treatment. The lack of nursing professionalism was unconscionable. An often-recurring theme when errors happen is of heavy patient workload and insufficient staff resources. Then do us a favour please, hospitals. Close down all of those beds where you can't properly manage a patient's care.

**Nancy McEwen,** Toronto



PHOTOGRAPH BY PETER BREGG/MACLEAN'S





PHOTOGRAPH BY PETER BREGG

## WHITHER THE MARKETS?

**After taking it on the chops for the past two years, Canadian investors are understandably leery about where the stock markets are headed in 2003. At the same time, they're facing crucial investment decisions as this year's RRSP contribution deadline looms. That makes the 2003 ranking of the Best and Worst Mutual Funds in this week's issue of *Maclean's* essential reading.**

**The package of statistics and analysis is a team effort, involving Assistant Managing Editor Berton Woodward and National Business Correspondent Katherine Macklem (left), as well as Chief of Research Patricia Treble. In addition to the rankings, which were compiled by Morningstar Research Inc., a Toronto-based investment research company, the coverage includes a roundtable discussion by some of Canada's smartest market watchers offering advice on how to invest in the current climate.**

**Perhaps not surprisingly, the experts are anything but unanimous in their outlook, says Woodward. "It depends on who you talk to. Some are quite bullish, while others see the U.S. economy weighing down the markets."**

**The strongest point of the cover package is its comprehensiveness, says Macklem. "The detailed tables of mutual funds — where most Canadians put their retirement nest egg — are evaluated in a very smart, long-term fashion. And we offer plenty of anecdotal information about how people of different ages and walks of life are making difficult investment decisions."**

**The end result, says Woodward, is a sophisticated analysis that will help Canadians make their investment decisions wisely. "We think people will find more of what they need to know here in *Maclean's* than anywhere else."**

**For further information contact:** behindthescenes@macleans.ca

THE MICHAEL SMITH AWARDS
for science promotion

Natural Sciences and Engineering Research Council of Canada
Conseil de recherches en sciences naturelles et en génie du Canada

CALL FOR NOMINATIONS
THE 2003 MICHAEL SMITH AWARDS

*"TAKE SOME TIME EACH YEAR AND THINK ABOUT WHO IS DOING A REALLY GREAT JOB OF GETTING THE PUBLIC TO THINK ABOUT SCIENCE AND TECHNOLOGY."*
CANADIAN SCIENCE LEGEND, DR. MICHAEL SMITH

**The Michael Smith Awards** honour individuals and groups making an outstanding contribution to the promotion of science to Canada.

**Who is eligible?** Any individual, organization or company in Canada. Prizes are awarded for two categories: individuals and groups working outside the regular school system. The awards committee looks for:
- significant effort to inspire public understanding and to develop new abilities in science and engineering;
- regional and community impact and duration;
- the program's content, originality and scope.

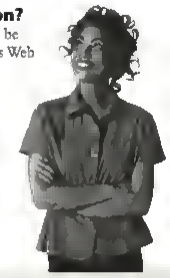
**The Rewards:** Up to five winners (individuals or groups) may be selected for the award. The rewards include:
- a personal award of $5,000 for each individual winner;
- a $10,000 award for each winning organization to advance their work;
- a Michael Smith Award medal for all winners.

**How do I submit a nomination?**
Instructions and an application form can be obtained from the Michael Smith Awards Web site: *www.nserc.gc.ca/msmith/en*

Simply follow the instructions and send your completed submission to the Michael Smith Awards Committee.

The deadline for submissions is April 4, 2003.

*Science belongs to everyone.*



NSERC CRSNG
*Investing in people, discovery and innovation*

Canada

# Information, Knowledge, Insight...




Now more than ever, business readers and investors need up-to-date, insightful and forward looking business news Let *Canadian Business* be your investing partner. We'll be the first to give you the inside track on what's about to happen in today's fast-paced business world—alerting you to investment possibilities and solutions all year round.

Receive a personal copy of Canadian Business delivered to your home or business for only $39 95 (24 issues) That's $1.66 per issue! Or better yet – join our *Signature Service* for $34 95 and receive **2 bonus issues!**

Every issue of *Canadian Business* is loaded with the knowledge, help and insight you need to make sound investment decisions

*CanadianBusiness*—
Your Investing Partner.
Subscribe Today.

**ATTENTION ROGERS CUSTOMERS**
You can add Canadian Business to your Rogers Cable or Rogers® AT&T® Wireless account for only $2.99 a month at www.rogers.com/magazines

ROGERS

## Subscription Offer – Send no money now!

CANADIAN BUSINESS Signature SERVICE

- Convenient annual invoicing
- No renewal notices
- $5 OFF*
- 2 bonus issues
- minimum 10% off on future orders

☐ **Signature Service** Send me one simple invoice each year instead of renewal notices I get 24 issues plus 2 bonus issues and $5 savings – I pay just $34 95 for 26 issues
*Tax included $37 40 GST $40.19 HST & QST*

☐ **Basic Service.** Send me 24 issues for the basic subscription price of $39 95
*Tax included. $42.75 GST $45.94 HST & QST*

Complete your name and address below.

☐ MR ☐ MRS ☐ MS

NAME

ADDRESS

CITY

PROVINCE POSTAL CODE

☐ BILL ME P2676AAFØ

**ORDER NOW** Clip and mail to *Canadian Business* Subscriber Services, 777 Bay Street, 8th Floor, Toronto, ON M5W 1A7

For immediate ordering call 1-800-465-0700 or go to www.canadianbusiness.com/service

*Canadian Business is published every second Monday except in January and July when one issue is published. *Discounts are based on basic service rate of $39.95. GST/HST #R119365393 QST#1003650649. Offer valid only in Canada until December 31, 2002.*

SAVE OVER 60% OFF COVER PRICE CANADIAN BUSINESS SEND NO MONEY NOW!






## Military | 'If I could turn back time I would,' friendly-fire pilot says

The jury, if you can call it that, was decidedly out. As the nine-day military tribunal ended, the American pilots who unleashed the laser guided bomb that killed four Canadian soldiers last spring in Afghanistan said they are "truly sorry" for their actions. But for the families of the fallen Canadians, watching on closed circuit TV on a Louisiana air base, that apology was only partially accepted. Regarding lead pilot William Umbach, whose major failing, it seemed, was not reining in his more rambunctious colleague, many family members had broad sympathy for his simple wish to "turn back time." But for former navy top gun, Maj. Harry Schmidt, who actually dropped the bomb—an action he was still trying to justify last week—there action was markedly different. Said Agatha Dyer, mother of slain corporal Ainsworth Dyer of Toronto: "He was trying to defend himself before he tells us he was sorry."

Just two days before the pilots' apology, U.S. Brig. Gen. Stephen Sargeant told the tribunal that Schmidt had shown "a reckless disregard" for the rules of engagement. Instead of clearing the area and awaiting instructions after spotting ground soldiers firing their weapons, he circled back, dropping from 6,700 m to nearly 3,500 m. He then "rolled" his F-16 fighter jet in what he said was self-defence while triggering his 227-kg charge.

Schmidt's lawyers argued he shouldn't be blamed for confusing intelligence briefings and communications problems in the chain of command. The tribunal will decide whether Schmidt and Umbach are formally tried for involuntary manslaughter.

Military judge Col. Patrick Rosenow gets a pilot's-eye view from the cockpit of an F-16, the same type of plane that bombed Canadian troops last April.

## ScoreCard

**▲Canadians.** Much made in insecure land of fact that 39 per cent of respondents to census marked "Canadian" as their ethnic origin. Of course, that leaves 61 per cent who pledge allegiance to Export. Blue or Alexander Keith's.

**▼Pageanteers.** "Stripped" (note mala journalists) of role as Miss Canada International Lynsey Bennett was hurling "integrity" of her title with plans to juggle work, soccer and school, say the folks who sent her to bloody pageant in Nigeria—and stuck her with the bill. Tiara goes to runner-up Miss B.C. Run girl, run!

**▲McDonald's:** Judge quashes U.S. lawsuit blaming Mickey D's for obesity in children. Company commemorates victory by issuing new collectible character: Legal McLardbutt.

**▼Harvey the Hound.** Calgary Flames mascot has tongue ripped out and tossed into crowd by irate coach of Edmonton Oilers. Lesser mascots would be speechless, but Harvey, a pro, continued taunting the Oilers' bench. Hey kids, another great lesson in sportsmanship.

**▼Raelians.** Fringe Parti démocrate du Québec folds to thwart attempted takeover by Raelian church. Raelians issue denial: sure, we're a human cloning, sex-obsessed, space-travelling cult, but entering Quebec politics? That's nuts.

**Quote of the week | 'Hell broke loose. It wasn't just an avalanche—the entire mountain came down.'** Resort owner and guide **RUEDI REGLINGER** on the skiing tragedy that claimed seven lives in the Selkirks

JESSICA LEIGH/REUTERS



**INFERNO.** Six hundred sheep were among the casualties as wildfires raged through eastern Australia in what's being called the worst natural disaster in the country's history. Last week's fires killed four people and destroyed 530 homes on the outskirts of Canberra.

## WORLD

**TERRORISM** British police, following computer leads in a plot involving the rare poison ricin, staged a dramatic early morning raid on a **London mosque** that has long been the focus of Islamic fundamentalism. Seized in the raid were a small number of weapons and hundreds of apparently fake passports, identity papers and credit cards, many of them French. Police also took away the computer hard drive of imam **Abu Hamza al-Masri**, a controversial, one-eyed cleric who has been the subject of a grand jury investigation in the U.S. over claims he tried to establish a terrorist training camp in Oregon.

Al Qaeda leader **Osama bin Laden** may have escaped the siege at his Tora Bora hideout in November 2001 by entrusting his satellite phone to a Moroccan bodyguard, who agreed to serve as an electronic decoy, the *Washington Post* reported.

**ISRAEL** The Israeli army flattened 62 shops in the Palestinian village of Naziat Issa and fired missiles at a factory and refugee camp in Gaza during a spasm of violence just days before Israelis were to go to the polls. Some of the response was in reaction to ambushes that left three Israeli soldiers and two Palestinians dead.

**KOREA** High-level cabinet talks between North and South Korea went some way toward defusing tensions. But the U.S. said it will take the **nuclear** dispute with North Korea to the UN Security Council, raising the spectre of sanctions that Pyongyang has said would be seen as an act of war.

**SPORT** Soccer officials in Italy and Britain are investigating an unusually high number of deaths from **Lou Gehrig's disease**, a rare neurological disorder contracted by 40 professional athletes in Italy and a handful of English players, perhaps as a result of ingesting performance-enhancing drugs.

**MCLAWSUIT** A federal judge in New York dismissed a much-watched obesity suit against the McDonald's hamburger chain, whose fast-food fare was being blamed for overweight children. The judge said it was improbable that today's consumers are unaware of the dietary dangers when they line up to supersize their fries.

McDonald's posted the first quarterly loss in its history and said it plans to trim 517 restaurants, primarily in the U.S. and Japan.

**CLIMATE** Most of Canada and much of the U.S. was plunged into a **deep freeze** last week, the longest cold snap since 1994. But Mother Nature's harsh breath was felt most in **India** and Southeast Asia, where more than 2,100 people have died in the coldest winter in nearly 40 years. Fog caused transportation havoc and villages along the Ganges River experienced freezing temperatures.

## CANADA

**POLITICS** Ottawa wants some degree of universal home care, a drug plan for patients facing catastrophic costs, and family doctors grouped in more efficient clinics if it is to invest billions of dollars of new money, Health Minister **Anne McLellan** said on the eve of federal-provincial talks. Provinces responded with a similar plan of their own, while arguing that they know best how to spend health dollars.

The federal government will invest $172.5 million over the next five years to upgrade security at Canada's major **seaports**. Ports will become more like air terminals with restricted access areas, high-powered long-range radar to track ships, and gamma ray scanners to examine more of the 3.5 million containers that arrive each year.

Ontario Premier **Ernie Eves** completed his about-face and halted all privatization of the province's Hydro One transmission system. Potential investors had been offered 49 per cent of the utility, after having initially been told that it would all be sold. But they balked at the price once it became clear the provincial government had no intention of ceding control.



DEAN SEWELL/PANOS PICTURES



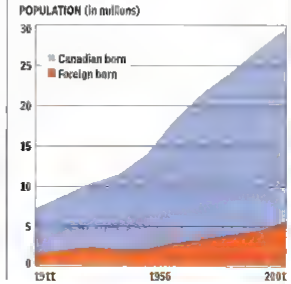
## Census | The world at home

Since 1901, Canada has welcomed more than 13 million immigrants, 1.8 million of them between 1991 and 2001. According to Statistics Canada, the country now has the highest proportion of foreign-born people since the 1931 census. The immigration stats from the 2001 census also show a marked shift in where today's immigrants are coming from. Until the 1960s, most arrived from Europe. Since then, the doors have opened wider to people from other locales, so that the largest numbers are coming from Asia, especially China, India, the Philippines and Hong Kong. All told, Canadians boast more than 200 different ethnic origins.

The majority of those who came during the 1990s settled in Canada's three largest cities: Toronto (attracting 43 per cent of new arrivals), Vancouver (17.7 per cent) and Montreal (11.8). Only six per cent of newcomers chose to live outside of major urban areas. Toronto, in fact, is home to 62 different ethnic groups that number 10,000 people or more. Its claim to being the most multicultural city in the world seems secure. And Vancouver is not far behind.

### A STEADY TIDE

Canada's foreign-born population stands at 5.4 million, or 18.4 per cent of the country's 29.6 million people.




BY MICHAEL DE ADDER




**ECONOMY** With war talk in the air, oil and gold prices rose to their highest levels in years. The **Bank of Canada** warned that inflation, down slightly, is expected to rise in the months ahead and that higher interest rates may follow. As well, Wall Street forecasters are expecting the slowing United States economy to affect Canadian automobile manufacturers.

**SMOKING** Alberta became the second province, after Nova Scotia, to give police the power to confiscate cigarettes from underage smokers. In Alberta, teenage smokers 17 and under can also be fined $100.

**DRUGS** Pharmaceutical giant **GlaxoSmithKline's** Canadian subsidiary will stop the export of its popular prescription drugs to the U.S. by on-line Canadian pharmacies, an estimated $1-billion-a-year business that also benefits insurance-strapped American consumers. The company says it is worried the exports might lead to lawsuits in the U.S. Analysts suggest the on-line business is also undermining profits at the British-based company's U.S. subsidiary.

**WARCRIMES** Police in **Windsor, Ont.**, arrested former Serbian reservist **Dejan Demtrovic**, accused of killing 19 Albanians in ethnic violence in Kosovo four years ago.

In Toronto, an Ontario Superior Court judge ordered a new trial for **Nicholas Ribich**, an Edmonton man who joined the Serbian army and is accused of kidnapping two **UN observers** in 1995. Canadian Capt. Patrick Rechner and and Capt. Oldrich Zidlik of the Czech Republic were chained in an open, ammunition-filled compound and used as human shields in an attempt to stop UN bombing of Serbian positions. Ribich's original trial was declared a mistrial because of a dispute over evidence.

**POLICE** Eight Toronto **drug squad** officers accused of stealing small amounts of money from the force's "fink fund" have launched a $116-million civil suit against **Chief Julian Fantino** and their civilian overseers. The controversy led to the withdrawal of 150 drug prosecutions, though formal charges against the eight officers were put on hold a year ago. The police force is also being sued by suspects who claim they were robbed and beaten by certain officers on the drug squad.

## Mansbridge on the Record



# THE HIGHWAY OF DEATH

### The road that links Kuwait City with Iraq is a vivid reminder of past conflict

**YOU CAN STILL** see them every once in a while in rural Canada—highway signs shot up by irresponsible hunters taking target practice where they shouldn't. But this isn't Canada, and it wasn't target practice. It's an old sign along the highway leading north out of Kuwait City—and its strafed carcass is the only visible evidence left of the carnage that took place on this spot 12 years ago. This is what was dubbed "The Highway of Death"—the place where U.S. attack aircraft caught up with the retreating Iraqi army and proceeded to lay waste to man and machine. The images of that moment had such a devastating impact on some in the White House that it's said they may have contributed to the decision to end the 1991 war before any final drive to Baghdad.

Today you barely realize anything happened here. The checkpoint is still there, the one that narrowed the highway from six lanes to four, creating the bottleneck that helped produce such an easy target for pilots overhead. There have been few, if any, bottlenecks since that day. Before the Iraqi invasion, when Iraq and Kuwait were neighbours who more or less got along, this was a very busy route. Six lanes of constant high-speed international commerce, with tractor-trailers full of goods heading in and out of Iraq.

They were also six lanes where the high-speed flaunting of Kuwait's rigid liquor laws took place. There's no liquor allowed in this country—a fact visitors tend to forget, especially when they check in at a hotel and the desk clerk says: "Welcome to Kuwait, there's no charge for using the mini-bar." Sounds interesting until you look inside the little room fridge and find only water and juice. Before the Gulf War, those looking for an alcoholic drink—and apparently there were more than a few—would drive this highway north to Iraq, and the legal liquor that was found a few hours away in Basra.

The border has been shut tight for the last 12 years. As a result, you could drive this route for miles without seeing another vehicle—and then only those carrying workers to Kuwait's northern oil fields. But now the highway is busy again with hundreds of military vehicles and thousands of troops heading for possible action. During the four hours I was on the highway, I saw at least 60 U.S. military vehicles driving north, not to mention some heavily armed dune buggies roaring across the desert in a scene that looked right out of *Mad Max*.

There are so many Hummers (the all-terrain military type SUV) here that there's a vigourous market for used ones in Kuwait City, with international media agencies said to be major buyers. (Note: not *Maclean's*, and not the CBC!) Like its varied past, this highway continues to be a contradiction of sorts. In the final 50-km stretch to the Iraq border, you're witness to quite a sight: to the left, a long, twisting sand berm has recently been bulldozed into shape. It looks like those huge dirt dikes built around Winnipeg a few years ago when the rising Red River threatened the city. Here, though, they're not worried about water, but rather, Iraqi tanks and the unlikely scenario that they could spearhead a pre-emptive attack into the one quarter of Kuwait now set aside for coalition forces gathering here.

In the median, a very different kind of construction is underway. Huge, 11-m-high light standards are being erected—which offer tangible evidence of the optimistic side of this story. So sure are the authorities that this long fight is about to end, and that this long, deserted, paved ribbon to Iraq is about to be used again for fun and commerce, they're ready to spend millions lighting it up.

It's a long way to go for a drink, but if the optimists are right, it'll probably taste pretty good.

Peter Mansbridge is Chief Correspondent of CBC Television News and Anchor of *The National*. To comment: letters@macleans.ca

## Passages

**DISMISSED** Ottawa's **Lynsey Bennett** was stripped of her duties as Miss Canada International after pageant officials cited a "lack of commitment." Bennett, 23, says she was dumped because she refused to move in with her boss, **Sylvia Stark**, until her contract ended in August 2003. Bennett made headlines last November when she



was the first contestant to leave the Miss World pageant in Nigeria, after the event sparked deadly riots there. First runner-up **Lorenza Sammarelli**, 24, of Vancouver will replace Bennett.

**SIGNED** **Hayley Wickenheiser**, the Shaunavon, Sask., hockey star, signed a contract with a Finnish men's professional team. The 24-year-old centre will play out the season with the third division squad, Kirkkonummi Lightning. In April, Wickenheiser hopes to play with the Canadian women's team at the world championships in China.

**DIED** **Bill Mauldin** was just 23 when he won his first of two Pulitzer Prizes for his editorial cartooning. The artist was best known for his Second World War cartoons and the hapless characters Joe and Willie Mauldin, 81, died of pneumonia in a Newport Beach, Calif., nursing home.

**Al Hirschfeld** published his first theatre-star caricature in 1926 after doodling the French actor **Sacha Guitry** in his New York City debut. It was the beginning of Hirschfeld's long career drawing Broadway, ultimately gaining a regular Sunday gig in the *New York Times*. Hirschfeld, 99, died of heart failure at his Manhattan home.

**LEAVING** Co-founder of Citytv and president of ChumCity **Moses Znaimer** is taking a sabbatical. Znaimer, 60, did not comment on what he will do during his second sabbatical in over 20 years.

**DROPPED** Sexual assault charges against **René Angélil**, the husband of superstar **Celine Dion**. Instead, the woman who accused Angelil of raping her in a Las Vegas hotel in March 2000 is charged (along with her husband) with trying to extort $20.5 million from the high-profile couple.



LYNN BALL/OTTAWA CITIZEN/CP ARCHIVE



## Aid | Borderless engineers

Quebecer Ugo Lapointe teaching hand-washing to villagers in Cameroon

It's the kind of thing they don't teach you in engineering school: once you've built new sewage and clean water facilities in a tiny west African community like, say, Bafoussam in Cameroon, then you have to instruct all the residents how to wash their hands. It's not enough just to work out where the latrines should be so they don't contaminate the drinking water. One thing leads to another, like one good turn. And thus one started, improbably enough, in a Timothy's coffee shop in north Toronto in 2000. Two 23-year-old engineering grads from the University of Waterloo, Parker Mitchell and George Roter, chums starting out on their own careers, nonetheless felt there was something missing in their lives. So they came up with the notion of a volunteer development agency—Engineers Without Borders—and saw it consume their every working hour and carom through Canadian university campuses like a shot off a shovel.

In the past two years, this unique aid agency has spawned 20 university-based chapters, sent 40, mostly young engineers abroad to do good deeds, and captured the imagination of, well, engineers. About 2,500 new and retired professionals have signed on, and at least two professional bodies have taken formal and encouraging notice. The Canadian Council of Professional Engineers presented its first Student Gold Medal last year to EWB volunteer Sara Ehrhardt, a one-time aid cynic who almost single-handedly created the group's liaisons with other do-good organizations in the field.

Also taking notice is the Canadian International Development Agency—the group was to meet with CIDA minister Susan Whelan this week—and more help from that front would certainly ease the funding burden. To date it's been carried mostly by its volunteers (they contribute $500 toward their own overseas work), Mitchell and Roter, who have chucked in $27,000 of their savings, and a handful of private-sector angels, including Montreal businessman Ted Brockhouse, who wrote the organization three cheques totalling $35,000.

He's getting his money's worth. So far the EWBs have built village-sized sanitation projects in Cameroon, set up a computer training centre in the Philippines with used equipment donated in Montreal, and helped a local group design an improved shea nut grinder in Burkina Faso, a big improvement over hand-grinding the high-fat nut so it can be sold to cosmetic companies for upscale creams.

Mitchell and Roter run the show on a shoestring. Each overseas project costs EWB nearly $5,000 a volunteer but the hidden cost, notes Mitchell, is that most of the volunteers are new graduates who are forgoing six months of income while their student debts pile up. Mitchell, who bunks in the Roter basement, says he is amazed at the uptake and the fact that so many Canadian engineers have such a social conscience. Who knew?

COURTESY OF ENGINEERS WITHOUT BORDERS







American soldiers already stationed in Kuwait are ready for war with Baghdad

# GROWING DOUBTS

**The U.S. vows to remove Saddam as an increasing number of world leaders try to slow the rush to war**

**THEY ARE GATHERED** in a dimly lit theatre far from the pollution and hubbub of central Baghdad. On this rainy evening, members of the National Iraqi Symphony Orchestra are practising and greeting the tardy, as they trickle in, with good-natured jibes. The music starts and stops under the director's baton, but finally they make it through a piece by Fairuz, a revered Lebanese singer and composer. Despite talk of war, the musicians—many smoking cigarettes—are relaxed. Even when the electricity goes out and the theatre is plunged into darkness, they don't seem to mind. Saad al-Dajaleh simply packs up his flute and heads for the door. Does he think there will be a war? For most Iraqis, he says, that question is meaningless after decades of conflict the possibility of violence is always there. "Life here," he says, "revolves around the fact that there could be an attack any time."

A generation of Iraqis has never known anything but war and the threat of it. But last week some were looking for signs of hope as George Bush's drive to oust Saddam Hussein faced mounting opposition, both from a growing number of European leaders and among his own citizens. In Paris, French President Jacques Chirac stood shoulder-to-shoulder with German Chancellor Gerhard Schröder and vowed not to support a war with Iraq until there is clear evidence that Saddam possesses weapons of mass destruction—a process that could take months, if not longer.

Other nations, including Russia and China, quickly backed the two leaders. And while Canadian Foreign Minister Bill Graham said "Canada is determined to see Iraq disarmed," he insisted the U.S. must have the approval of the UN Security Council before attacking Iraq. But it's doubtful the council will sanction military action any time soon, with Chirac hinting that he will use France's veto to block any resolution authorizing an attack. "War is proof of failure," said Chirac. "Everything must be done to avoid it."

The White House, however, launched an aggressive campaign to shore up support, including releasing a 29-page report entitled "Apparatus of Lies" that purports to document Iraq's "brutal record of deceit." Among other charges, it accuses Iraqi authorities of placing military installations close to civilians in Baghdad in order to cause gruesome casualties in the event of war. It says the Iraqis are keeping the corpses of babies who have died recently in cold storage until enough bodies can be accumulated to hold "dead baby" parades with dozens of tiny coffins. Bush also stepped up his attacks on the Iraqi dictator and vowed to use force to remove him—with or without UN support. "Saddam is a dangerous man, with dangerous weapons," said Bush. "If he will not disarm, then the United States and the friends of freedom will disarm Saddam Hussein."

In a week when one American died and another was gravely injured in a terrorist attack in Kuwait, U.S. Secretary of State Colin Powell also went on a diplomatic offensive. He phoned Western leaders and dismissed European doubts about attacking Iraq as a "blip." He was planning to meet with Graham in Washington this week to ask for Canada's support in any war against Iraq. At the same time, he made it clear that the U.S. was capable of attacking Saddam on its own without UN approval. To put muscle behind that threat, the Pentagon dispatched Task Force Ironhorse to the Gulf. Made up of 37,000 soldiers, along with tanks, artillery and attack helicopters, it is spearheaded by the 4th Infantry Division—considered the U.S. Army's most lethal heavy fighting unit.

But even as it sought to bolster its standing internationally, the administration appeared to be losing ground at home. A poll by the *Washington Post* and ABC News showed that support among Americans for military action against Saddam slipped from 62 per cent to 57 per cent over the past month. Those who generally approve of the way Bush is handling the Iraq crisis dropped from 58 per cent in December to 50 per cent last week. The poll also found that seven in 10 Americans want to give UN inspectors more time to finish their search.

But White House insiders maintained that Bush and his most influential advisers are so determined to overthrow Saddam that opinion polls will have little or no impact on their decision. Eric Larson, an ex-

CHRIS HELGREN/REUTERS



In Baghdad, the threat of war is constant. As one Iraqi said, 'Life revolves around the fact that there could be an attack any time'

pert on national security and public opinion at the Rand research group, also pointed out that just before the 1991 Persian Gulf War, support for military action stood at 45 per cent. Once the fighting began, however, Americans quickly rallied behind the president at the time, Bush's father. Larson says there is little reason for the current president to be worried by the poll numbers. "In comparison to other historical incidents," he said, "this seems to be extraordinarily high support for a military option."

White House sources also point out that the President had not yet made a direct appeal to Americans to support an invasion of Iraq. That was expected to be the centrepiece of Bush's State of the Union speech this week, to be followed in February by a series of televised addresses by Bush and Powell. Bush's speech would follow the anxiously awaited report to the Security Council by UN chief weapons inspector Hans Blix. Perhaps tipping his hand, Blix made it clear late last week that there was still much to learn about Iraq's arsenal. "The inspections," he said, have failed "to answer a great many questions." In Baghdad earlier in the week, he and Iraqi officials came up with a 10-point agreement detailing how Iraq would provide, in Blix's words, "more active co-operation," which included allowing UN inspectors to interview Iraqi scientists in private, without the presence of Iraqi intelligence officers.

The inspection was certainly on the mind of Rasul Kasem Khanjar as he worked at the counter of an old juice stop in the heart of Baghdad. On a wall behind him, a placard claimed the juice, prepared according to a recipe that's been a family secret for generations, helps fight cancer and heart disease. The young man was flippant about the possibility of war as he poured the sweet concoction into scratched glasses. "Why would I be afraid?" he asked. "I have nothing to be afraid of." But his smile disappeared when he was asked what would happen if Blix condemned Iraq and opened the door to a U.S.-led attack. "God only knows," he said. "I hope things will be good. I really hope so."

Across Iraq, people nervously awaited Blix's crucial report, due on Monday, and the momentous events that would follow quickly. Would Bush use his State of the Union address the next day to declare his intention to attack Iraq, with or without UN approval? The focus of the debate would then shift to the Security Council, scheduled to begin discussing Blix's report on Wednesday. Then on Friday, Bush's staunch European ally, British Prime Minister Tony Blair, is due in Washington to discuss Iraq.

Despite growing doubts in Europe, and divisions within his own party, Blair ordered 26,000 soldiers—one quarter of Britain's army—to the Gulf last week. He stood with Bush even as polls showed that nearly half of Britain's population opposes the war. But Blair said he believed he could sway public opinion to his side. "We can't have a situation in which there is a material breach and yet action is unreasonably blocked," he said. "We must not give a signal to Saddam that there is a way out of this."

Saddam may remain the target of Bush and Blair, but on the streets of Baghdad people felt they are the real victims. The U.S., many said, is just looking for a pretext to strike, and ultimately will attack even if Blix fails to turn up any doomsday weapons. The young feel particularly angry because they believe the economic sanctions that have limited trade with Iraq since 1992 have ruined their lives and destroyed their futures. Teachers are driving taxis, engineers trained in the West are doing clerical jobs, and many professionals are not working at all. "The sanctions are economic, intellectual, scientific, and even in sport," said a young man at a pending an anti-U.S. rally. "They stopped us from thinking and dreaming."

Anger aside, there's a more practical concern at hand for Iraqis: how to prepare for the war that many believe is coming soon. In a defiant speech last week, Saddam said he and his people are ready for a fight. Part of the preparations involves ensuring that people have extra food if war breaks out. The government recently doubled its monthly ration of flour, rice, oil, soap and other provisions to each Iraqi. Individuals are buying extra food, storing water and fuel, and saving their money.

That's about as close as many come to admitting they're afraid of the prospect of war. Over a cold bottle of cola in a Baghdad shop, one man said he has stored up all the food and water his family will require. He also pointed out that if all else fails, most people are ready to join the fight. "There is a shotgun in every house," he said. "We also have lots of fuel, and it's easy to make bombs with it. Just put some in a bottle and light it. We can defend ourselves just fine."

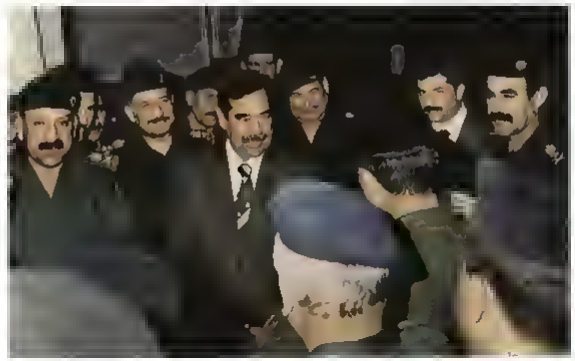
And life goes on in Baghdad. Street vendors still put up their stalls every morning and buyers walk by asking for prices. Some grudgingly pull out their wallets. Restaurants are filled with patrons sitting at tables surrounded by clouds of cigarette smoke. And on Thursdays, the traditional wedding day in Iraq, dozens of small cars decorated with balloons and ribbons madly honk their horns as they carry brides in billowing white gowns to hotels where family and friends gather. But even as they dance and celebrate, most realize that the debate over another attack on their country is notching up another level this week, at the White House and the United Nations.

With William Lowther in Washington

Nahlah Ayed is a CBC reporter in Amman, Jordan. She was on assignment in Baghdad.



JASEM MOHAMMED/CP



The leader with mustachioed advisers—imitation as a necessary form of flattery?

IRA/EP

## WOULD SADDAM LEAVE?

From his office at the Pentagon, U.S. Secretary of Defense Donald Rumsfeld is engaged in a high-stakes game of poker with Iraqi dictator Saddam Hussein. Rumsfeld upped the ante last week, ordering the navy to double to four the number of aircraft carrier battle groups within striking distance of Iraq. But he also leaked word he was backing a diplomatic initiative by a number of Arab nations that would offer Saddam and about 100 members of his family and senior leadership safe haven in exchange for leaving Iraq. Saddam would even be allowed to keep the $7 billion analysts believe he has amassed. When asked about the issue during an interview, Rumsfeld said, "I think that would be a fair trade to avoid war."

The offer of sanctuary was presented to Saddam's representatives by Arab diplomats at a meeting in Beirut on Jan. 20. Saddam has apparently appointed his cousin and trusted adviser, Ali Hassan al-Majid, to at least consider proposals that Baghdad refers to by the euphemism, "personal issues." He was told that Libya, Mauritania and Belarus have all agreed to accept him. Al-Majid dismissed the exile proposals, but to make sure Baghdad didn't miss the signal, U.S. Secretary of State Colin Powell and Condoleezza Rice, Bush's national security adviser, also advised Saddam last week to seriously consider exile. "Listen to them carefully," counselled Powell. "It would be good to explore it," Rice echoed.

Under a plan believed to have been put foward by Saudi Arabia, a council of military leaders would take over in Iraq, and, under U.S. insistence, would quickly transfer power to an elected civilian government. While there is no indication that Saddam is listening, CIA analysts say the dictator must realize that if he stays and fights he will either die or be captured. If caught, he would likely end up in the dock in The Hague, as happened with Yugoslavia's former leader Slobodan Milosevic, and could spend the rest of his life in prison.

The pressure on Saddam to leave will only intensify as more U.S. troops arrive in the Persian Gulf. More than 60,000 are now there and will be joined by about 120,000 more in the next few weeks. As one former Egyptian diplomat in Washington said: "Saddam can choose the fate of Hitler and commit suicide after U.S. troops enter Baghdad, or he can save the country by accepting the hospitality of another Arab state." WILLIAM LOWTHER

# 'DUMB AS A BAG OF HAMMERS'

## The PM's proposed party finance reforms anger critics—mainly Liberals



Chrétien modified his proposal, but not before threatening to call a snap election

JIM YOUNG/REUTERS

**CALL IT A NEW** silly season in Canadian politics—albeit one coinciding with the longest winter freeze in years. Jean Chrétien, who this year eschewed his annual golf pilgrimage to Florida, has huffed and puffed about calling a snap election if he does not get his way on the arcane issue of party financing reform. In return, several cranky Liberal MPs, most of them firmly in the Paul Martin camp, have warned they may vote against their own party if the PM insists on going ahead with what they regard as a loopy idea—even if the government might fall. Some have even made the suggestion (roundly derided as "crazy" by many others) that Gov. Gen. Adrienne Clarkson, a Chrétien appointee, would rebuff a request from the PM for an election and turn to Martin to form a government.

The threats and counter-threats may seem odd, but what's at issue is far from trivial. As part of his eight-point ethics package unveiled last June, Chrétien proposed to put limits on donations. He is expected to cap contributions from individual corporations and unions at $1,000 a year per political party. That is a slight climbdown from a rumoured proposal of an outright ban. The limit for individuals would be set at $10,000. The resulting shortfall in parties' finances would be made up by the government—taxpayers—compensating them based proportionally on the results of the last election.

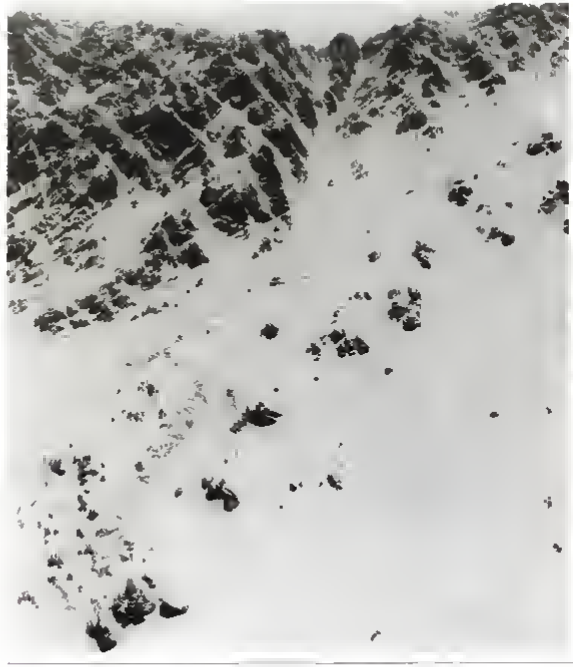
Initially, Liberal party president Stephen LeDrew described a total ban as "dumb as a bag of hammers" because it would shut down political parties' main pipeline to donors. He estimated that fundraising dinners accounted for about 60 per cent of all money collected by the Liberals, with about 95 per cent of that coming from corporations buying seats to listen to the likes of Chrétien or Martin. That would be severely curtailed by the new rules. Since the Prime Minister modified the proposal, LeDrew has also modified his view, joking that now the plan is only as "dumb as two hammers." Problems remain, he added, including the fairness of using taxpayers' money to finance parties they do not support.

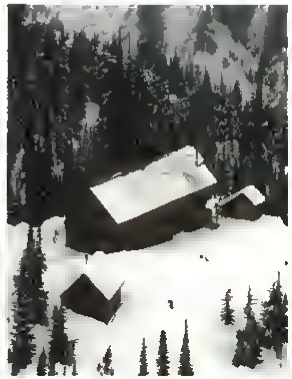
Given the ethical firestorms that have scorched his government, some critics say Chrétien makes an unlikely deathbed repentant. But he appears undeterred. In a newspaper interview published last week, the Prime Minister said the changes are needed to remove the "perception" that money buys influence—one that is a lie, he insisted. "There's absolutely no link," he said. "But the perception makes the headlines. After that, nothing is established, nothing is proven, but the impression has been created and a cynicism develops." Prodded, he said he would consider defeat of the bill in the House a vote of non-confidence in his government. "They can defeat me and there's an election," he said. "It's the reality under our Constitution."

It won't come to that. One senior government official pointed out that the PM has already softened his proposal to appease the dissenters. And he said the legislation will be studied in committee before becoming law. "The Prime Minister is not contemplating running in another election—he's looking forward to a quiet, uneventful summer," said the official. But in the event the Prime Minister's Office has underestimated how many Liberals might vote against the bill, the opposition parties have given tentative support for the new restrictions. So Chrétien's government could be saved by the Canadian Alliance, Tories, NDP and Bloc Québécois, all backing financing reform against a rump of Liberals voting against. Unlikely. But a scenario certainly in keeping with this winter's silly season. M











After their stay at the Durrand Glacier Chalet, Kelly and six other skiers died in the snow

CLOCKWISE FROM TOP LEFT: ADRIAN WYLD/CP PHOTO; ADRIAN WYLD/CP PHOTO; IAN HODGSON/AP PHOTO

# DEATH IN THE BACKCOUNTRY

## Disaster strikes a group of highly experienced skiers in British Columbia

**JOHN SEIBERT** remembers hearing a loud crack, but by then it was too late. A powerful avalanche was already crashing down on the geophysicist from Wasilla, Alaska, and 12 other highly experienced backcountry skiers on B.C.'s Durrand Glacier on the morning of Jan. 20. "It was like swimming down the roughest river I've ever been in, trying to keep my head above water," says Seibert, 53. "I came to rest with my head and left hand exposed. The remainder of my body was locked in concrete-hard snow." Seibert dug for 20 minutes with a small shovel he had with him in his pack, before being helped out of his icy tomb by one of the group's skiers who was not caught in the deadly disaster.

Seven others were not so lucky. Even though all were equipped with the latest digital location beacons, shovels and avalanche probes, other skiers and the rescue team, which arrived about 30 minutes after the avalanche, could not reach them in time. Some of those who perished were carried 100 m by the pounding snow, and were found four metres below the surface. Among the dead was U.S.-born Craig Kelly, 36, a former world champion snowboarder who is considered one of the fathers of the sport. He was one of the trip's guides.

The group was on the third day of a seven-day adventure tour run by Selkirk Mountain Experience Skiing of Revelstoke, B.C., about 50 km southwest of Durrand Glacier. Just before the tragedy, the 21 skiers had stopped for a snack and conducted a snowpack analysis before beginning their descent of the mountain's 35-degree slope in two groups. "I saw nothing to indicate any more than a minimal avalanche danger," says Seibert, a 35-year veteran of backcountry skiing. One group was just above a fracture line that caused the avalanche—raising suspicions they may have precipitated the tragedy. But investigators determined human error was not to blame. Some of the skiers remained on the slopes in the days after the tragedy. M

# THAT LOST FEELING

## Some people born in Canada have to fight to claim their citizenship



Chapman became a naturalized American solely because of his parents' actions

**THE ROOTS** of Don Chapman's family tree reach far back into Canadian history. One ancestor, Dr. Alex Macdonald, a Scot who settled in Antigonish, N.S., in 1812, co-founded the province's Highland Games. Another relative, William Alexander Henry, was a Father of Confederation, one of two who framed the first draft of the British North America Act. In more recent years, a family foundation has made generous donations to the University of British Columbia in Vancouver and to the University of Toronto's school of dentistry, establishing the Chapman Chair in Clinical Sciences. Chapman's birth certificate shows he was born in Vancouver in 1954, and although he has lived in the U.S. since he was a toddler, he never swore an oath of allegiance there or renounced his Canadian citizenship.

Nevertheless, in Ottawa's eyes, because his parents became naturalized Americans in 1961, Chapman too is an American. He's been lobbying for the last five years to reclaim the citizenship of what he feels deep in his bones is his home and native land—and calls Ottawa's stance not just bizarre but a violation of his human rights. "One of the basic principles of international law is that the only way you can give up your citizenship is if you have the intent to do so," he says. "Well, nobody ever asked me. I never had a choice in the matter."

Blame the Canadian Citizenship Act of 1947. For the first time since Confederation, the country enacted legislation that governed who was and was not a Canadian and how that status could change. (Until then, Canadians were subjects of the British Empire.) The act, written in the immediate aftermath of the Second World War, was a product of its time. Like the laws of many other countries, it did not allow for dual citizenship. It also reflected the paternalistic attitudes of the day, declaring that if the "responsible parent"—usually the father—emigrated and acquired other citizenship, his underaged children also acquired that citizenship. The act was amended in 1977, and ever since, natural-born Canadians can't lose their citizenship. But unlike other countries that have updated their laws, including the U.S. and most European nations, Canada did not make those new rights retroactive. And Bill C-18, which Citizenship and Immigration Minister Denis Coderre introduced in October to replace the 1977 legislation, did not address the matter either.

Nobody knows for certain how many Canadian-born children were disenfranchised between 1947 and 1977. It may be many—as Samuel Hyman, a Vancouver lawyer who has acted on behalf of a few of them, notes, those included the baby boom years. Some people don't even realize they're not legally Canadians. They make the discovery only after they apply for a passport—and are turned down.

Circumstances vary greatly. The 1947 citizenship act is open to interpretation—and misinterpretation—by individual bureaucrats. For Patrick Forbes of Winnipeg, that worked in his favour. He was born in Toronto in 1950, and in 1953 moved with his family to Camden, N.J., where they became U.S. citizens several years later. His later inquiries about resuming his Canadian citizenship met with little success—until he encountered an immigration official at the tiny St. Stephen, N.B.-Calais, Me., border crossing. The man hauled out a dust-covered book, thumbed through some pages until he found what he was looking for, and told Forbes he had the right to resume his citizenship. Forbes eventually went to a citizenship office in Montreal, where a like-minded official collected a $2 fee and issued a resumption of citizenship certificate. "Those two were a breath of fresh air after all the yahoos I spoke to who didn't have a clue," he says. "There's something to be said for actually looking things up."

Others were not so fortunate in their dealings with bureaucrats. Charles Bosdet, who was born in Winnipeg in 1952, was 13 when he became an American. In 1973, the Canadian consulate in Los Angeles advised him there was no way he could get back his Canadian citizenship. "I took it at face value," he says. "It never occurred to me they were wrong." After other fruitless enquiries over the years, in 2000 his American wife, Peggy-Ann, was giving the 1947 act a close read when she came across clauses she thought applied in her husband's case.

When Bosdet, a business consultant in Orange County, Ca., reapplied for his Canadian citizenship, an evaluator repeatedly requested additional papers. Two years and 50 documents later—they included birth and death notices for generations of Bosdets—he was no further ahead. "It's extraordinarily discouraging," he says, "that the system is so convoluted for some, and so easy for others." These days, the couple spends part of the year in Cape Breton, where Bosdet is researching his family's history. He has now decided to work through the provincial nominee process, an immigration program that fast-tracks selected claimants.

Chapman's saga began when his mother and father, an orthodontist suffering from arthritis who hoped to extend his career in a more benign climate, moved to Hawaii, before eventually settling in Seattle. They became U.S. citizens in 1961—as did Don. He always knew he was legally an American, but says there was never a time he didn't want to be a Canadian. The 1947 act gave Canadian-born children one year after they turned 21 to apply to resume their lost citizenship, but neither Chapman nor officials he initially approached were aware of the provision, and the window of opportunity passed.

By then, life started to intervene, and Chapman let the matter slide. He married his high school sweetheart, Brenda, with whom he lives in Phoenix, Ariz., along with their three daughters, now aged 11 to 16. He also began climbing up through the ranks at a major U.S. airline, with seniority determining which planes he could fly—he's now a qualified 747 pilot—pursuing his Canadian citizenship went on the back burner. He redoubled his quest after the U.S. loosened its restrictions on dual citizenship. He soon ran into the same sorts of roadblocks Bosdet encountered, but that only steeled his resolve. Chapman hired lawyers in Toronto and Vancouver to examine all possible avenues, and began lobbying anyone who might be able to help or pressure the government on his behalf, from the mayor of Gibsons, B.C., where he has a summer house, to UBC president Martha Piper to the Canadian Human Rights Commission.

> 'The only way you can give up your citizenship is if you have the intent to do so. Well, nobody ever asked me. I never had a choice.'

Chapman acknowledges that some people thinks he's "a bit of a pest," which may be doing him more harm than good in some quarters—notably with Coderre. The minister was in Egypt last week and not available for an interview. But in response to a letter from Senator Al Graham, Coderre wrote that Chapman is "well aware" of the steps he needs to take to resume his citizenship—in effect, apply and meet the criteria as a landed immigrant. Coderre added, "being a former Canadian does not, in itself, outweigh other considerations."

Chapman is now resigned to returning to Canada as a landed immigrant. But as a matter of principle, he believes all people in his position—he calls them "lost Canadians"—should be able to return as citizens. It's particularly galling, he adds, to read about the terrorists and criminals who get Canadian passports when those actually born in Canada are turned away. Some people are listening. In December, Alliance MP John Reynolds, whose B.C. riding includes Gibsons, introduced a private members bill, C-343, to make it easier for people like Chapman to re-acquire their Canadian citizenship. And this week, Chapman will testify in Ottawa before the House standing committee on citizenship and immigration to make his pitch for changes to Bill C-18. Resigned or not, he vows to keep lobbying.

PICTURE
The War Amps



Robin and Kellie are members of The War Amps CHAMP Program for child amputees.

Through CHAMP, child amputees share experiences, gain emotional support, and receive financial assistance for artificial limbs.

When you use your key tags, you support War Amps programs, like CHAMP.

For more information or to order your 2003 key tags contact The War Amps. E-ZEE ACCESS
TEL.: 1-800-250-3030 FAX: 1-800-219-8988
www.weramps.ca, customerservice@weramps.ca
Charitable Registration No. 13166 8626 RR0001



PHOTOGRAPH BY PETER BREGG/MACLEAN'S

# 'THE BEST AND WORST OF TIMES'

## After 10 years, the NHL commissioner reviews the state of the game

**WHEN GARY BETTMAN** arrived for his first day as commissioner of the National Hockey League on Feb 1, 1993, his Manhattan office was bare. The previous occupant, John Ziegler, having exacted a multi-million-dollar golden parachute, had also taken the furniture and even the art off the walls. The state of Bettman's new office was analogous to the state of the game at that time. The NHL had paltry league revenues, no U.S. network TV contract and no business plan to address those shortcomings. And critics roasted NHL governors for hiring Bettman, a former senior executive of the National Basketball Association, because he was not a "hockey guy." But the 50-year old New Yorker, whose original mandate from team owners was to "grow the game," did just that. licensing and sponsorship income now rivals that of other big leagues, TV deals with ABC and ESPN kick in US$120 million a season, and the NHL has expanded to 30 teams from 24. Hockey still has major economic problems, though, from bankrupt franchises in Ottawa and Buffalo to a potential labour dispute with the players. Bettman met with *Maclean's* Sports Editor James Deacon in New York recently to discuss a decade atop the NHL and his view of what lies ahead.

**You appear to have crossed off all the items on your to-do list from 10 years ago. You got the TV deal, the increased league income, the collective agreement with the players, the new office furniture. Are you happy with what you've achieved?**

The vision, the issues, the priorities, we have worked very hard on each of those. And if I reflect on one thing, it is my view about growing revenues to unprecedented levels being the cure all. It didn't turn out that way, because as fast as we grew revenues, salaries went up faster. And that was something nobody could predict.

**Before we get to Buffalo and Ottawa and collective bargaining, talk about how things have changed, corporately, since 1993.**

Well, in 1992-93, we grossed about US$400 million and this year we're going to bring in about US$2 billion. Television ratings are up this year, so we have more exposure than ever before. And we've had eight years of labour peace, which has enabled some of the growth we've had. Having said that, while revenues over the term of the current collective bargaining agreement have grown 171 per cent, player costs have grown 244 per cent. To paraphrase Charles Dickens in *A Tale of Two Cities*, this is the best of times, and this is the worst of times.

**Are the increases in merchandise sales, sponsorships and so on your greatest achievement here?**

I don't look at it like that. We've done marketing, licensing, Internet, TV—all the things to grow the business. I believed when I got here that if we got to $700 million in revenues, everything would be great. Now, I realize it's more important that we align revenues and expenses than it is to focus on the growth.

**Do you worry that, as teams try to boost ticket revenues, the game is being priced out of fans' reach?**

We don't have a future if we don't give our fans what they want, when they want it, on terms they can afford. It's about having a great game on the ice, it's about having the Internet and 24-7 access, it's about having television coverage so people can see their games, and it's about making sure that people can afford to keep our buildings full. That vision's never changed.

**You've been calling for an early start to negotiations of a new collective bargaining agreement, warning that some franchises might not make it to the fall of 2004, when the current deal expires. But how can you argue that Ottawa's financial woes, for instance, have anything to do with the CBA? It has a low payroll, and no team could survive with $160 million in debt in a market the size of Ottawa.**

The franchise has been there for 10 years. It has one of the nicest buildings in North America. The franchise is well-run both on and off the ice. So that's why the Companies' Creditors Arrangement Act filing is a constructive step forward. The Ottawa Senators and Corel Centre will come out with the appropriate debt load and should be able to move forward. But if, with less debt, you can't salvage the Senators in Ottawa—which I believe and hope we can do, because I'm committed to doing that—it will be because everybody was convinced that under any circumstances a club couldn't make it in Ottawa because of the economic system. Some people say, "Get rid of these franchises, they shouldn't have been there in the first place." I reject that notion. We've been there for 10 years so we owe it to the fans to do everything we can to make it work.

**In 1997, you actually *extended* the current collective agreement with the players. Why?**

The expansion committee believed that when we did the four-team expansion, it was part of everything being buttoned down. We had buildings, we had good ownership, we had season ticket commitments, giving us stability, and at the time the system was working well. We were growing revenues faster than we were growing salaries, and we were heading in the right direction, so everybody thought, under the circumstances, labour peace for a prolonged period of time would be a good thing. That's when the inflation exploded, in unprecedented ways in any professional sport in terms of the percentage of increase.

**Don't the team owners deserve blame for handing out those huge contracts?**

Some of that may be a testament to how well the union was coordinating with the agents, and some of it had to do with the owners, who tend to be passionate and committed and want to win. New owners make mistakes once or twice in terms of player contracts, and the union managed to take advantage of all that.



PHOTOGRAPH BY MICHAEL SCHMELLING

**Despite expansion, better TV exposure, and participation in the last two Winter Olympics, hockey still isn't a huge TV draw in the United States. Are you disappointed?**

Well, first of all, when you look at what's happening in the ratings marketplace, we're not doing that badly—we're closing the gap. Secondly, we drew over 20 million people last year. That's where expanding the fan base starts, because this game, of all the sports, is the best in person. And finally, television is still a work in progress. HDTV will help us, as well [viewers will see more of the ice on the wider screen].

**Why are you so confident that Buffalo and Ottawa will survive when Quebec City and Winnipeg didn't?**

In Winnipeg and Quebec, there was no prospect of new buildings, and nobody wanted to own teams in those markets.

**Is there any hope that you and the players can agree on a new deal without a major work stoppage?**

There is one overriding cloud, and we have to fix it. We simply don't have a choice. It's not that I'm beating the war drums—I don't want a fight—but we need to fix it. We'd like to avoid a work stoppage, but it's more important that we have the right deal than we avoid a work stoppage, because the wrong deal will be a disaster which we might not survive.



# BIG RIDE, BIGGER IMAGE PROBLEMS

## SUV drivers face a campaign to portray them as uncaring and dangerous

**THERE'S A NEW FACE** on the wanted posters in the war on terrorism. Meet Maureen Mitchell, soccer-mom and airline customer service agent who makes Halifax the centre of her nefarious activities. Don't be fooled by her cover story: at 40, she's a member of the PTA and a pillar in the local Catholic parish. She buys organic foods, won't use pesticides on her lawn and donates money to the local animal shelter. She even has one of those Norman Rockwell perfect families—three pleasant kids and a husband named Randy, an investment company executive who coaches baseball and basketball. But American author and pundit Arianna Huffington and her Hollywood buddies can see through all that. They know that when she's not busy as the lunch program coordinator at Le Marchant-St. Thomas School, Mitchell is likely helping to bankroll al-Qaeda. Or that while chauffeuring Erin, 10, Liam, 7, and Hannah, 5, back and forth from play dates, the soft spoken brunette is ensuring the next Hamas bomb goes off in a crowded Israeli square.

How have they discovered her terrible secret? Simple: she drives an Acura MDX. A sport utility vehicle. And SUV drivers—as pointed out in a series of TV ads partly funded by Huffington and a group of Hollywood heavyweights that includes *Seinfeld* co-creator Larry David, film producer Steve Bing and TV producer Norman Lear—are in league with America's terrorist enemies. One ad features a hapless SUV driver called George pumping gas into his vehicle while an oil company executive steps into a limousine and turban-wearing soldiers fire automatic rifles into the air. "This is George," a child says in voice-over. "This is the gas that George bought for his SUV. This is the oil company executive who sold the gas that George bought for his SUV. These are the countries where the executive bought the oil, that made the gas that George bought for his SUV. And these are the terrorists who get money from those countries every time George fills up his SUV."

Talk about jumping on the bandwagon. Huffington, an iconoclastic author and commentator, used to drive a Lincoln Navigator, a giant even among SUVs. But that was more than a year ago, back in the days when SUVs were a sign of macho independence, perhaps best exemplified by Arnold Schwarzenegger's infatuation with the Hummer, the U.S. military behemoth. Now, however, SUVs are suffering from a massive image problem. In many minds, they've become the outstanding symbol of a greedy, arrogant and uncaring society.

Drive an SUV today and you're not just—to increasingly vocal critics—an inconsiderate road hog and an advertisement for status-obsessed conspicuous consumption.

*continued on page 27*



ILLUSTRATION BY LUC LATULIPPE

PREMIERE EDITION

FEBRUARY 2003

ROGERS sportsnet Magazine



# ON THIN ICE

## Will Canada's NHL teams fall through the cracks?

→ CANUCKS FOCUS ON ONE GOAL

→ AN AMERICAN IN MONTREAL

WITH 1,262 PATENTS AND COUNTING,
GM IS ALWAYS LOOKING TO IMPROVE YOUR CAR'S QUALITY,
PERFORMANCE AND SAFETY.



AND YOU'RE GOING TO TAKE IT
SOMEWHERE ELSE TO HAVE IT SERVICED?

GM introduced modern crash test dummies, airbags and even the first V6 engine for North American cars. And another innovative technology is GM's Engine Oil Life Monitor. Using an onboard computer, it helps avoid unnecessary oil changes. By tracking oil deterioration, it tells you when an oil change is actually required. And think, if GM Goodwrench Service technicians are trained by General Motors to handle this technology, imagine what else we can do. That's because we use the latest diagnostic equipment, specifically designed for GM vehicles. Not to mention GM tools, parts and most importantly, GM expertise. Drop by for your next servicing. You'll see that even with all our achievements, the one we're most proud of is getting you back on the road.

GM Goodwrench Service
Right. On time.

goodwrench.gmcanada.com 1-800-GM-DRIVE
GM-owned active patents in the U.S. and Canada only.



# editor's note



Hockey that matters. Not to sound like a pitchman for the network, or a shill for the marketing guy who came up with the catch-phrase for our Canadian regional package, but when you subdivide the National Hockey League season into games involving the six Canadian teams, it is precisely what you are left with. Hockey that matters.

The burning question is just how many of the six Canadian teams will survive the fall of 2004 when the current collective bargaining agreement between the owners and players expires. Heck, after the events of the past month in Ottawa, people are wondering how many will survive into next season. It's interesting, too, that while the likes of Edmonton, Calgary and Ottawa, and to a lesser extent, Montreal, Vancouver and Toronto are bound by similar significant issues, they are not a homogeneous group. Yes, there are issues that affect all six teams, but there are still many issues and circumstances that set each team apart, challenges and expectations unique to each city.

In this premiere edition of *Sportsnet Magazine*, highly regarded hockey writer Scott Burnside and I have tried to present an overview of the crisis and put a face to the Canadian teams to help tell the story of the battles they are facing.

Also in this first quarterly *Sportsnet* insert, golf writer John Gordon has some unique thoughts on Tiger Woods and his impact on the game. Marty York tells us how the success of Blue Jays third baseman Eric Hinske, the top rookie in the American League last season, wasn't always expected. And with the help of a stellar panel of experts, we assemble, piece by piece, the ultimate goaltender. We hope you enjoy this inaugural issue of *Sportsnet Magazine*.

We'll be back—with sports that matter.

**Scott Morrison,**
Editor

## QUOTACIOUS CORNER



*"There was something in the air. I'm glad I'm not there to smell it anymore."*
– Kevin Clark to the Sacramento Bee (Jan 5), pining wistfully for his old life as a Raptor.

*"What they're doing is not right. It makes absolutely no sense."*
– Enthusiastic hockey dad Michel Corteau (who sued the New Brunswick Amateur Hockey Association for $300,000 when it failed to award his son Steven the Bantam League MVP title) goes on the offensive after the NBAHA suspends Steven from organized hockey in the province.

*"Way back when I was in college, I ate a Reese's Peanut Butter Cup and I came out the next day and had a really good game. So I tried to think back on why I played so well, and I looked back on that Reese's Peanut Butter Cup. Now I eat one every night before a game."*



– Morris Peterson (14.8 PPG) on Jan. 8, explaining his Magic Inconsistency Secret

*"Steven's going to be at the Canada Games. Steven was put on the team the year before. Steven is a player they want on their team."*
– Michel Corteau again, kicking it up another notch. Bam.

## BUZZ LIST – your guide to HOT topics

| This Week | Last Week | |
|---|---|---|
| 1 | 4 | Hmm. Maybe Rod Bryden is serious this time. |
| 2 | 5 | Lenny Wilkens deathwatch continues. Vince Carter knee blowout watch resumes. |
| 3 | – | At last, Montreal gets a player in Cooperstown. Let's celebrate with a Puerto Rican holiday. |
| 4 | 2 | Spare a dime for the Sabres, Mr. Pataki? |
| 5 | 3 | NFL referees. Now! |

*Compiled by Bret Dawson*

Kevin Clark/Courtesy Sacramento Bee; Morris Peterson/Courtesy Toronto Raptors

ASSOCIATE EDITOR SCOTT MORRISON
ART DIRECTOR JOHN GORDON
CONTRIBUTORS JOHN KILMARTIN, SCOTT BURNSIDE, MARTY YORK
DIRECTOR, SPECIAL PROJECTS MACLEAN'S ROLFE JONES
VICE-PRESIDENT & PUBLISHER SCOTT MOORE
PRESIDENT SPORTSNET DOUG BEEFORTH

*Sportsnet Magazine* is published quarterly by Rogers Publishing, 777 Bay Street, Toronto, Ont. M5W 1A7 Canada.
© 2003 by Rogers Publishing Limited, may not be reproduced without permission. Printed in Canada by Quebecor World Inc.

ROGERS

sportsnet magazine

# The NHL crisis in Canada

**Our national game is besieged on all sides.** Can all six Canadian NHL teams hang on until the expiration of the current collective bargaining agreement and beyond?

BY SCOTT MORRISON & SCOTT BURNSIDE

It was January of 1995 and the future appeared brighter than ever for Canada's eight National Hockey League teams. The owners and players had agreed on a new collective bargaining agreement after butting heads for 103 days.

But five months later, one of those Canadian teams died. The next year, another one passed away, heading not for some great hockey rink in the sky, but greener pastures and greenback dollars south of the border.

Eight years later, the unthinkable happened.

A desperate bid by Ottawa Senators owner Rod Bryden to refinance some US $350 million in debt fell to pieces on New Year's Eve. A day later, the Senators missed their payroll and the second week of January ended with the team in an Ottawa court filing for bankruptcy protection. All of a sudden, the crisis over the future of Canadian teams following the expiration of the current collective bargaining agreement had a much sharper focus. "There is more than a chance this team won't play in Ottawa," Bryden warned.

The immediate future of the Senators, nothwithstanding, hockey experts are split as to whether the fall of 2004 represents labour Armageddon or hockey's salvation. In a rosy-skied world, all six Canadian teams would not only survive until September 15, 2004, but would thrive thereafter with a bold new partnership between the players and owners.



New York Islanders Alexei Yashin fights with Edmonton Oilers Steve Staios.

Ed Bailey/AP


Calgary Flames Jarome Iginla

Adrian Wyld/CP

In a world covered with ominous clouds, however, the future of professional hockey in Canada is extremely bleak. Half of our teams may not exist after that fateful day.

A cynic—perhaps more accurately described as a realist in this case—would suggest some of the Canadian teams are already on life support and, to be frank, the changes that must take place to breathe life back into them are dramatic, perhaps too dramatic to achieve.

What makes the situation so dire for most Canadian


Toronto Maple Leafs Alexander Mogilny collides with Calgary Flames Jarome Iginla, right, and Steve Montador, left, during third-period action in Calgary.

Adrian Wyld/CP

# Montreal's on the rebound, **by George**

## Canadiens owner Gillett is anything but a **"damned" Yankee** BY SCOTT BURNSIDE



American businessman George Gillett runs on a Montreal Canadiens jersey after the announcement of the sale of the legendary hockey team and arena in Montreal.

Last spring, George Gillett and wife Rose were walking back to their Montreal hotel and were stranded on a cement island halfway across a downtown street. Suddenly, a Canadiens fan recognized the team's new owner and stopped to wave congratulations. Soon another fan stopped and then another.

"There were 50 cars. People got out of their cars. They gave us hugs. They gave us kisses," Gillett recalls. "I didn't even get an assist," he jokes.

His name may not have appeared on that night's scoring summary, but two years after he raised eyebrows and angst throughout Canada—gasp, an American at the helm of *le bleu, blanc et rouge*—the Colorado ski mogul is being heralded as the man who breathed life back into hockey's most storied franchise.

The thing is, he is every bit the kind of American that makes many Canadiens nervous.

"At first, when you do not know Mr. Gillett, people may think he's a phony," says broadcast analyst Jacques Demers, who coached the Habs to their last Stanley Cup in 1993. "He's very energetic, smiling, shaking hands. But he's genuine. At first you don't know. You say, 'Wow, is this guy for real?' But he is."

Gillett, who bought 80 per cent of the Canadiens and 100 per cent of the Molson Centre a year ago before selling the naming rights to Bell, stands in line at concession stands to get the fans' perspective. He spies people wearing Canadiens jerseys in other NHL cities and gives them his business card with a personal invitation to see a Canadiens game in Montreal as his guest. Last year, when the Habs acquired Donald Audette, Gillett flew Audette's family in for a surprise family birthday.

> "It's truly a religion and a passion."
>
> Canadiens owner George Gillett

He put his private jet at captain Saku Koivu's disposal during Koivu's fight against abdominal cancer.

When players arrived at his Vail, Col. home for a barbeque last fall they were greeted with a sign that read "Gilmour Residence" after hearing of veteran Doug Gilmour's dislike of training camps.

"I'm an old man," says the 63-year-old. "At this point there's only one way I know how to be."

In the first summer of Gillett's ownership, a team that had more closely resembled baseball's super-frugal Montreal Expos brought in several free agents. This past summer, the team re-signed Hart and Vezina trophy winner Jose Theodore to a three-year deal worth US $16.5-million, making him the highest-paid Hab ever. The team has seen its payroll rise about $12 million to $48.6 million, tenth amongst NHL clubs.

"He wanted to make sure we stabilized the franchise," general manager André Savard says of Gillett. "In this job, you have to be patient."

Not that Gillett's education on-the-run at the helm of one of sports' most hallowed franchises has been without its bumps. He admits he is still learning about the depth and breadth of feeling for the Canadiens.

"I would say it's significantly different than I thought," he says. "It's much more intense. It's truly a religion and a passion."

And he admits his wife has already picked out a place, the highest spot in Quebec, where she hopes one day to hoist the Stanley Cup.




# Magic Binoculars

had a cult-like following overnight. People bowed to the power. You could see the future. Shelves were emptied. For weeks, stories about the Magic Business Binoculars opened news shows and dominated the covers of magazines. It was completely and utterly understandable. The papers said they were "destiny on demand". The instructions said that with a single peep, executives could look five, ten, fifteen years into the future and instantly view business outcomes. Incredibly, they could spot far-off trends. View what business practices to adopt for a constantly changing business environment. What types of skill sets would be required in a standards-based universe. Customers saw themselves preventing poor strategic planning. Eliminating budget-buster strategies. They could fix what wouldn't work in the future. Executives were delirious. There was one problem. The binoculars were still full of bugs and didn't work – not for a second.



*And that's when they called IBM.*

**On demand business**
*a definition*

*A company whose business processes – integrated end-to-end across the company and with key business partners, suppliers and customers – can respond with flexibility and speed to any customer demand, market opportunity or external threat.*

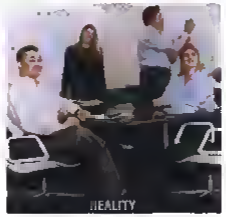
# The on demand era is upon us. Are you ready?

## *Magic Binoculars won't show you the future of business. IBM will.*

It's happening. Businesses are sensing what their customers want before they want it. They are responding faster to changes in demand, supply, pricing and consumer preferences. They are predicting the unpredictable: computer viruses, earthquakes and spikes. They are cutting costs and finding new value in their business. Welcome to the on demand era. It is an era filled with new expectations. Customers will demand that products are available when they are ordered. Suppliers and partners will demand tighter integration of business processes – so they can deliver faster, better and cheaper. Employees will demand access to information in real-time. It will be an era filled with questions. What strategy is right for tomorrow? How can I make sure that my technology investment is well spent? How do I plan for the unexpected? How do I link with my suppliers, partners and employees? How do I get ahead of the competition? Magic binoculars won't give you the answers. People with the vision to know where the world is headed, how to reach it, and how to plan and integrate your business processes end-to-end for an on demand world will.




***THE MAGIC BINOCULARS***
A business executive sees the future of his million dollar strategy through the magic binoculars




***IBM BUSINESS CONSULTING SERVICES***
A new division of IBM that was rated #1 in Consulting Monitor's survey for "understanding a client's industry"

### *People for the on demand era.*

IBM has a group of 60,000 business specialists with consulting and business process skills in 23 different industries. These are people with the vision to transform your business to adapt to change in a way that delivers value. People with a deep understanding of both business strategy and technology execution. People with deeper industry insight. People who saw the on demand era coming and know where it is going. These are people who will be there for you on demand. People called IBM Business Consultants.



***PROOF***
This pharmaceutical company can access "integrated patient data" in real time, through in-home diagnostic monitoring and communications technologies. Their physicians and researchers can now respond much faster to real-world disease conditions.

### *Experience for the on demand era.*

The on demand era will require companies to better sense-and-respond to the needs of their customers – and those companies will need help from partners who intimately understand their industries. As companies grapple with fundamental questions of process and structure, insourcing vs. outsourcing, fixed costs vs. variable costs, IBM Business Consulting Services brings depth and experience to the strategic planning table. And, the intellectual resources of IBM go even deeper. IBM has strategic alliances with software companies like J.D. Edwards, PeopleSoft, SAP and Dassault Systemes. And a global network of 90,000 IBM Business Partners with expertise in hundreds of different industries.



***PROOF***
This bank can check credit, tax values and liens instantly and set up loan servicing through a processing partner, cutting mortgage processing time to minutes and costs in half.



***PROOF***
A retailer could equip its in-store managers with real-time pricing and supply information to make decisions on the floor to drastically improve customer service and satisfaction in an increasingly cut-throat retail marketplace.

### *Innovation for the on demand era.*

IBM Business Consulting Services not only brings together the skills and insight of some of the best minds in business, it backs them up with the kind of open technology innovation that IBM can offer – IBM WebSphere® helps 35 different platforms connect as one. IBM Grid Computing makes network computing more like a utility – delivering computing power where you need it, when you need it. You pay for what you use, when you use it. IBM @server range is self-monitoring, self-managing and self-healing. Not to mention that IBM has been awarded more patents than any other company for the last ten years.

### *Are you ready for e-business on demand?*

So what are the next steps? Contact IBM. The sooner, the better. IBM has the experts who combine business process vision with technology vision. And IBM has the unique portfoho of servers, software and services to make sure that the solutions you use today deliver real business value. To see how IBM can help you become an on demand business go to **ibm.com**/ondemand

***RESPONSIVE***
An on demand business will seem almost intuitive in its ability to sense-and-respond to dynamic unpredictable changes in demand.

***VARIABLE***
An on demand business will use variable cost structures and adapt processes flexibly to help reduce risk and increase productivity.

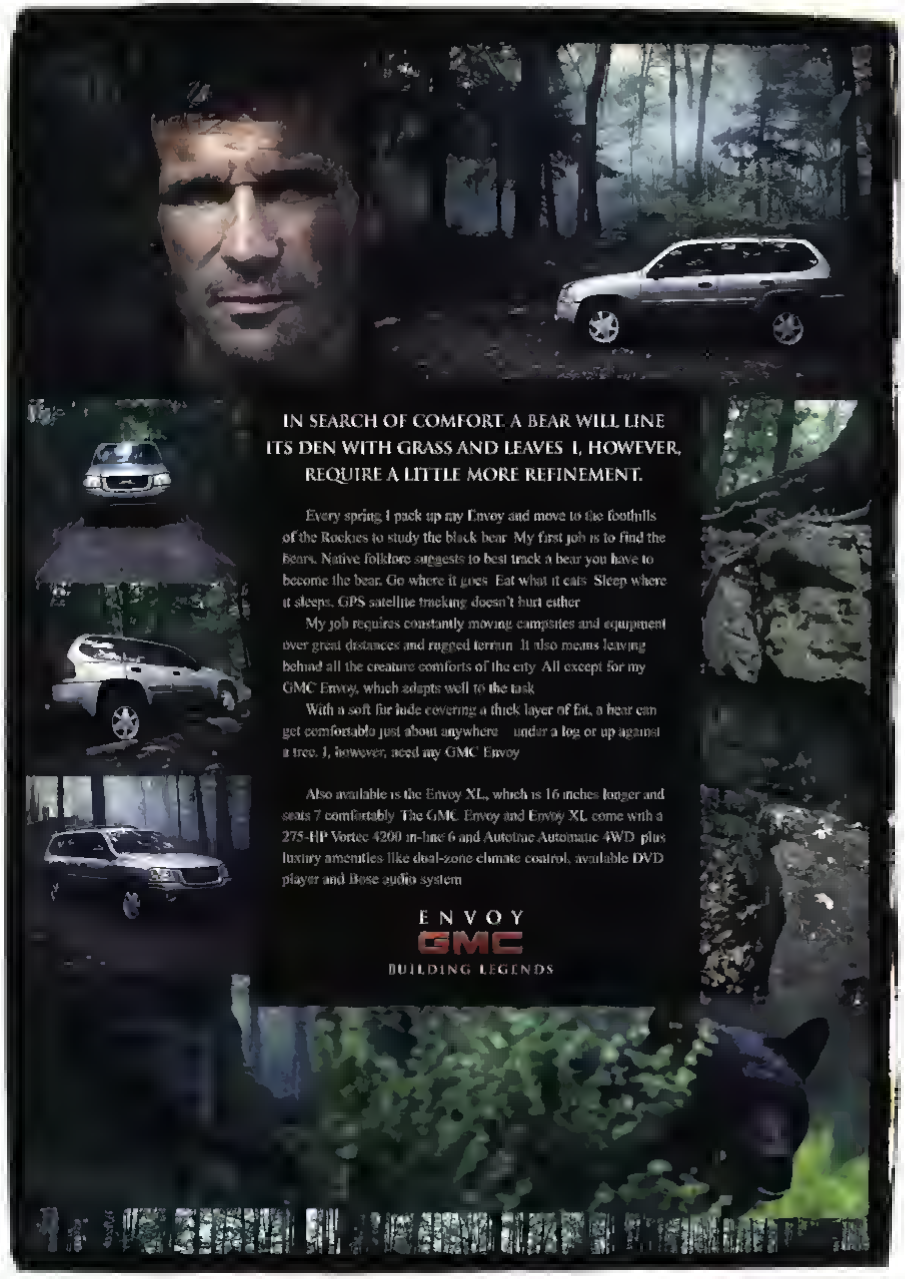
***FOCUSED***
An on demand business will concentrate on its core competencies while tightly integrated strategic partners manage selected tasks.

***RESILIENT***
An on demand business can manage everything – from computer viruses to earthquakes, to spikes in usage – with consistent availability and security.

| WHAT DO YOU WANT TO DO? | HOW CAN IBM HELP? | WHERE SHOULD YOU GO? |
|---|---|---|
| Understand how to win with e-business on demand in my industry | e-business on demand industry solutions | **ibm.com**/industries/businesssolutions |
| Align our business processes for the on demand era | e-business on demand business transformation services | **ibm.com**/services/bto |
| Integrate systems across our business processes | e-business on demand integration software | **ibm.com**/software |
| Determine whether owning or outsourcing an e-business on demand operating environment is best for us | e-business on demand utility services | **ibm.com**/services/ondemand |
| Find a local resource to help me plan and implement an e-business on demand solution for my business | e-business on demand IBM Business Partners | **ibm.com**/partnerworld |
| Add e-business on demand capabilities to our current infrastructure | e-business on demand infrastructure solutions | **ibm.com**/servers<br>**ibm.com**/totalstorage |

e business on demand. | IBM

All numbers reported are from industry sources, and *Consulting Monitor's* 2002 survey for "Understanding Client's Industry." IBM, IBM Business Consulting Services, the e-business logo, e-business on demand, e (logo) business on demand, lock-up, eServer, and WebSphere are either registered trade-marks or trade-marks of International Business Machines Corporation in the United States and are used under license by IBM Canada Ltd. Other company product and service names may be trade-marks or service marks of others. © 2003 IBM Corporation. All rights reserved.






franchises is that it's not just the escalation of salaries. It's not just the wildly devalued dollar against the official U.S. currency of the NHL, it's not just a suggested lack of government support—it's all of these factors that are exerting a titanic pressure on the teams.

So, even if the Canadian dollar gained strength, would it be enough? Even if the Canadian government ponied up as they do for other entertainment and industrial entities, would that guarantee a better future?



Former Chicago Blackhawks defenceman Bone Mironov wrestles with Montreal Canadiens Doug Gilmour.



Vancouver Canucks goalie Dan Cloutier stretches out to make a pad save against Toronto Maple Leafs Travis Green.

Roy Mlakar, president of the Senators, whose current financial problems are unique to Ottawa, points out that although the Canadian franchises are in the entertainment business, they pay additional taxes that other entertainers, such as Celine Dion and Shania Twain, do not. The federal government happily hands out tax breaks and associated perks to movie companies and car makers, but not professional hockey clubs.

"They go out of their way to damage Canadian sports," Mlakar says. "Major-league sports should be treated no differently."

And then, of course, there is the matter of that once-lauded CBA, now deemed unworkable by the NHL and its member clubs, which has nevertheless been extended twice: once for expansion, and again to guarantee international involvement. Make no mistake. The CBA and the unique Canadian concerns do run a parallel course.

Some informed observers believe 2004 will bring not only a lengthy work stoppage, but also contraction—planned or otherwise. The strong will survive, the weak will disappear. One sports business analyst has put forth the idea of two cities sharing a franchise, either cross border (for example, say Calgary and Portland), or potentially even cross province with the two Alberta teams.

"I think there is clearly a flawed system in place," George Gillett, the American owner of the storied Canadiens, said. "I think it's flawed on both sides." Support among the owners is "absolutely unanimous," that the CBA needs to be fixed, he says, adding that until it is, the Canadian teams cannot hope to begin to overcome the other problems facing them. "Our goal around here is to shoot for break-even," Gillett says. "It's not to shoot for crazy profits."

So strong is the belief that the next CBA is critical to assuring financial stability throughout the league, because teams are also struggling on the other side of the border, that NHL commissioner Gary Bettman has warned they are prepared to close their doors to achieve it. Indeed, each team has a US $10-million war chest already banked, while the players have been told by their association to brace for as much as 18 months of inactivity.

' Despite how strong the league has gotten, there are problems that are going to have to be addressed so that our fans in Edmonton and Calgary and Ottawa and Montreal and Vancouver don't have to worry about their

## INTERNET POLL

| WHAT IS THE [illegible] ISSUE AFFECTING CANADIAN NHL TEAMS? | WHO IS THE GREATEST GOALTENDER OF ALL TIME? |
|---|---|
| 1. Size of market | 1. Patrick Roy |
| 2. Deflated Canadian dollar | 2. Terry Sawchuk |
| 3. Rising salaries | 3. Jacques Plante |
| 4. Lack of government funding/subsidies | 4. Georges Vezina |
| 5. Taxes | 5. Dominik Hasek |

Log on to sportsnet.ca to vote

Who really cares about Geography any more?



wherever U R AIRTIME BONUS

Get up to $300* on:

- Local calling
- Canadian long distance
- U.S./International roaming



Great North American and World phones starting at $24.99

**Get an airtime bonus up to $300 wherever you take your phone.** Now when you activate a phone on one of our most popular plans you get as much as $100 in airtime per month for 3 months. And you get it whether you're calling from in town, across Canada or from 50 countries worldwide, including the U.S. With a deal like this, who cares about Geography?

imagine getting more from your phone.

SAVE WHEN YOU BUY ONLINE

ROGERS AT&T WIRELESS

SHOP AT WWW.ROGERS.COM, 1 800 IMAGINE, OR A ROGERS™ AT&T® STORE.

†$300 wherever U R airtime credit will be applied on invoice as a credit of up to $100/month for the first 3 consecutive months (applied toward combined eligible minutes based on actual billable minute rates). No carryover of unused monthly credit. Offer applies to calls within Canada but not between countries where roaming coverage is available. Wireless phone must operate on country's wireless network frequency in order to make or receive calls. Wherever U R airtime credit does not apply to monthly fees for wireless plans and/or wireless options, text messages, data usage, pay-per-use services or overseas country-to-country long distance minutes. Visit www.rogers.com/roaming for a list of long distance and international roaming rates. Offer subject to activation on select new 2 year service agreements. Not available in conjunction with other promotional offers. Program may be cancelled or changed at any time without prior notice. Offer effective January 23 to April 15, 2003. *Phone price may be subject to mail in rebate. Rebates vary by model and will appear as a credit on your Rogers AT&T invoice. Based on a 24-month service agreement. ™Rogers Communications Inc. Used under License. ®AT&T Corp. Used under License.



# Two teams, **one common goal**

## Oilers and Flames just looking **to hang on**

**BY SCOTT MORRISON**

Ryan Smyth grew up in Alberta, dreaming of one day playing for the Edmonton Oilers.

In many ways, Smyth is the prototypical Oilers star. He is good and young—a heart-and-soul guy who plays well and plays hurt. Just like the team, he appears to be on the threshold of greatness. But like others before him, the question always remains: will he or the Oilers ever find that greatness, and will they find it together? It has become an Edmonton fact of life that while the Oilers consistently acquire or draft good, young players, they often reach a certain point where economics dictate change.

And so it may be for Smyth, one of a dozen Oilers, including Anson Carter, Mike Comrie and Jason Smith (pretty much the heart and soul of the team), whose contracts could expire this summer. In the case of Smyth, he is earning $3.025 million and will be eligible for a raise. His salary, by NHL standards, is not ridiculous. But there are never any guarantees on a team with the 24th-highest payroll, though like most of their Canadian brethren, the Oilers are trying to keep their core of talent together at least until 2004.

"We've got a young team and we're building for the idea that there will be a new system in place and we can keep the likes of Eric Brewer and Mike Comrie and Ryan Smyth for a lot of years," Oilers general manager Kevin Lowe said.

Still, the Oilers have projected they will lose roughly $2.5 million this season and that is after reducing off-ice costs to a bare minimum and with season-ticket sales that rank in the top quarter in the league. They have been a model for how the business can be run in a market of any size. But to get to the point where the losses are manageable, the Oilers' 38-person ownership group had to pony up $14 million in the past year. Team governor Cal Nichols says that will not happen again.



Perry Mah/Edmonton Sun/CP

Calgary Flames Jarome Iginla, left, fights with Edmonton Oilers Eric Brewer during first-period NHL exhibition action.

"I can't imagine not being an Oiler," Smyth says. "Money is clearly an issue for all small-market teams. The Oilers have been forced to weed out players in the past because we couldn't afford them. 2004 is a huge concern for small-market teams. But I believe Edmonton will survive because of the fans. Without hockey, this city would be lost. I would hate to see a team like this leave. It's a Canadian game."

That sentiment also exists in Calgary, where, despite the failing health of the franchise, the Flames were not about to let their young star leave because of money. So they re-signed Jarome Iginla, who had led the NHL in scoring the previous season, to a two-year, US $13-million contract.

And what happened? Despite increasing their payroll by roughly $5 million to $33.3 million, the Flames have seen no appreciable return on their investment on the ice. Which prompts a more serious question: if you can't win with the current payroll and can't turn a profit, what is going to happen in 2004 to change the landscape?

This past season, the Flames failed to sell the 13,000 season tickets required to receive the Canadian assistance plan money, but were given it anyway in good faith by the league. The Flames fell 500 or 600 tickets short. Having said that, they are still above the league average for ticket sales, but are said to have lost $33 million over the past eight years.

"I think the Flames are the real jewel of the city of Calgary," Flames executive Al MacNeil says. "That's why when the owners brought [the team] here 20-some years ago, they brought it in to upscale the quality of life in the community and it's really more than paid its dues. I just want to see the club stay here a long time."

Which would you rather have, a **cholesterol** test or a final exam?

For many, the first sign of heart disease is a heart attack. Did you know that one out of two adult Canadians is at risk of developing heart disease because they have high cholesterol? And that cardiovascular disease IS the leading cause of death in Canada?

High cholesterol is a major risk factor for heart disease but managing your cholesterol can be quite si...

If any of these apply to you, cut this screening test out and ask your doctor about getting your cholesterol tested:

- Woman 50 years or older
- Man 40 years or older
- Heart disease (angina, heart attack, coronary bypass, stroke, angioplasty)
- Diabetes
- Family history (mother, father, sister, brother or grandparent) of heart disease or high cholesterol

Two or more of the following:

- Overweight
- Physically inactive
- Smoker
- High blood pressure




Call toll-free at **1-877-4-LOW-LDL (1-877-456-9535)** or visit **www.makingtheconnection.ca** and you will receive this free booklet describing the connection between cholesterol and heart disease.

Making the Connection™
www.makingtheconnection.ca

Canadian Lipid Nurse Network

Canadian Diabetes Association | Association canadienne du diabète

The Canadian Diabetes Association has reviewed the "Making the Connection" program for its medical and scientific accuracy. The Canadian Diabetes Association does not endorse the products of any pharmaceutical company. Supported by one of Canada's research based pharmaceutical companies.




# Chasing demons and **fighting time**

## **Canucks** anxious to win now

**BY SCOTT BURNSIDE**



Vancouver Canucks GM Brian Burke answers questions from the media about the business side of the game.

Each great team must depose the king before they lay claim to the throne The Red Wings had to vanquish Patrick Roy The Colorado Avalanche had to deal with the Stars in Dallas And so on The Vancouver Canucks must exorcise a dipping, curving 85-foot demon of a slapshot before they can consider that next, monumental step

The ground rules were simple, recalls Canucks general manager Brian Burke Goaltender Dan Cloutier could talk about "The Goal" on the first day of training camp and then that was it

As Steve Smith is forever stained by the 1986 goal that went in off teammate Grant Fuhr's leg, as Tommy Salo's legacy will always be marred by the innocent Belarus slapshot off his noggin at the Salt Lake City Olympics, Cloutier has had to put behind him the memory of Nick Lidstrom's slapshot from near centre ice

The goal broke a 1-1 tie late in the second period of Game 3 of the team's opening round series against Detroit last spring Energized by the goal, Detroit won that game and the next three to erase a two-game Vancouver lead en route to their third Stanley Cup in six seasons, leaving the Canucks with nagging questions about their goaltending and their ability to skate on the big pond of the Stanley Cup playoffs.

As for "The Goal"?

"I've seen worse goals than that one scored on Danny, scored on Patrick Roy and Dominik Hasek," says Burke

For his part, Cloutier has played as though no such goal existed "The only person who deserves credit for Danny's turnaround is Danny," says Burke.

The NHL is not a math formula So no one suggests that had the Canucks upset Detroit they would have won their first-ever Stanley Cup But that series, perhaps even the moment of Lidstrom's goal, has been a rallying cry for the championship-minded Canucks

"The lesson that we learned and that I learned is what happened in the Detroit series, how things can turn around so quickly," says winger Todd Bertuzzi "That's two years in a row for us [losing to the eventual Stanley Cup winner] That's enough of a lesson for us. Until we win the Cup we have no time to breathe"

Coursing beneath the surface of this team is the stark reality that it may be impossible to keep all the pieces together After sitting in the bottom third of NHL salaries for the past three years, the Canucks face a significant jump after this season with as many as 15 players looking for new deals, including Cloutier, Ed Jovanovski and Trevor Linden The following year, others, including Bertuzzi and Mattias Ohlund, will be up, with captain Markus Naslund the year after that.

> **Until we win the Cup, we have no time to breathe.**
> Todd Bertuzzi

Already Burke has been chastised for his unwillingness to pay free agent Andrew Cassels "It's been difficult," says Burke, who cites the small-market blueprint – get better, get younger and get cheaper. Still, he says, "I'm not going to change the way I'm going to do things I think we've put together a fun team to watch"

And for now, the only goal the Canucks have in mind is the one that sees their names engraved on the Stanley Cup






franchises" Bettman said "We have had phenomenal revenue growth But not withstanding that growth, salaries have increased at an even faster rate So we now have a disparity between revenues and expenses And there are disparities about what teams are allowed to spend And that's a terribly inflationary process, which makes it difficult for teams to retain talent It makes teams spend more than they can afford to and it drives up ticket prices and the cost of doing business"

Of course, it is the opinion of the NHL Players' Association that the problem is not the existing system, but how the owners put it to use They decide what salaries to pay

As for ticket prices, they have risen and in some


Florida Panthers Marcus Nilson flies into the net after crashing into New Jersey Devils goaltender Martin Brodeur

Bill Kostroun/AP


Ottawa Senators Chris Phillips skates into Montreal Canadiens goalie Jose Theodore in Ottawa.

Sonja Horwood/CP

Canadian and perhaps even U S cities, are far beyond the reach of most fans But critics argue that if Bettman and the owners achieve the hard salary cap they reportedly will seek in the next CBA essentially protecting them from their hard-spending selves, there will be no cap on ticket prices Similarly they say that if salaries go down there are no guarantees ticket prices will follow

Also there has been no mention of combining a cap with revenue sharing, something not all teams, not even all the Canadian teams, would favour But it is a tack that Major League Baseball has adopted with varying degrees of success, which was combined with a luxury tax to forestall what many believed would be a cataclysmic work stoppage last summer

It is widely believed the players will never accept a cap without either the membership splintering or without some form of revenue sharing It is also widely believed that for small-market teams (not just Canadian teams), a cap alone will not solve their problems, that some form of revenue sharing is essential because even with payrolls that are routinely in the bottom third of the league, teams such as Edmonton, Calgary, Ottawa and even Vancouver struggle to get into the black There has to be another piece to the puzzle

Bettman insists, though, that the survival of the Canadian franchises is critical to the league's survival and he is determined to level the playing field But at what cost? And it may still take outside forces to achieve that expectation There have been reports the government expects the dollar to rise to the 70 cent range this year For some of the Canadian teams, a stronger dollar right now would mean the difference between red and black on the balance sheet and keeping talent or losing it

One Canadian team official suggested they are optimistic more provinces will offer support through lotteries or visiting team taxes Mlakar points to a new CBA as the catalyst for change for the better one that, like the National Football League, equalizes the small markets with the big ones

"That is our hope, our salvation' Mlakar said ' Then it won t be a story again' The question asked rhetorically as Bryden outlined his hopes that the Senators might remain in Ottawa, was whether Senators fans might finally see a Stanley Cup championship the way Quebec Nordiques fans did—far removed from the team they once called their own

"Now, more than ever support of the community will determine the future of the franchise,' Bryden said "The challenge for Ottawa is, will it benefit from those 10 years of effort and investment? Or will it build a marvelous asset, only to watch the Stanley Cup final on television (with the team in a new home)?"

The Senators troubles may be unique but their uncertain future is not

# Unexpected **Blue Jay** bonus

## **Rookie of the Year** Hinske not satisfied yet

BY MARTY YORK




Hinske, left, tags out New York Yankees Alfonso Soriano during 2002 action.

First impressions can be so darned misleading. Take for instance the first time Bill Moore laid eyes on Eric Scott Hinske.

"I was not impressed at all," Moore, one of the most prominent sports agents in the U.S., recalled matter-of-factly. "Frankly, I didn't think Eric belonged on a baseball diamond. I thought he'd make a better football player than a baseball player. He couldn't hit very well. And he looked so heavy."

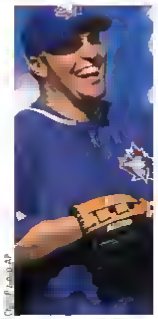
These days, of course, Moore sees Hinske quite differently. As the third baseman for the Toronto Blue Jays last season, Hinske distinguished himself as the American League's premier rookie.

He hit very well. And he looked just fine.

Now Moore recognizes Hinske the way all astute baseball observers do—as a bona fide major-leaguer. Additionally, as Hinske's representative, Moore is making it his priority to ensure the 25-year-old slugger gets paid appropriately.

"What I like most about Eric," Moore mentioned, "is that he doesn't treat his stardom as something he's entitled to. He's not afraid to work for a living."

It is Moore's opinion that Hinske's work ethic—the additional hours in the gym and the extra swings in the batting cage—enabled him to reach that lofty status in 2002.



**"Now that I have a good year under my belt, I want to prove I can do more."**

"Honestly, there was no way I expected Eric to be a major-league star," Moore continued. "I met him for the first time when he was in his junior year at the University of Arkansas. My nephew was on the same team, and I went out to watch my nephew. When I saw Eric play, I didn't think much about him, and I didn't think I'd ever see him again."

A couple of years later, Moore received a call from one of his prized prospects in the Chicago Cubs organization, pitcher Will Ohman, who had a roommate in Williamsport of the New York/Penn League who needed representation.

"It was Eric," Moore said. "I thought, 'Okay, as a favour to Will, I'll talk to this kid.' Well, it turned out that Eric is a very good person. He has no problem keeping his feet on the ground. Still, I don't mind telling you that I think Eric has more of a football mentality than a baseball mentality. He's built like an outside linebacker or a tight end, and, as good as he is at baseball, I think he would have been good at football, too."





Indeed, Hinske was good at football. He grew up in Wisconsin, 20 minutes from Green Bay, and he lettered in football in high school. His first love as a kid—heck, they're still his first love—were the Green Bay Packers. And so it was the highlight of his life, he said, when he got to visit the Packers in their clubhouse after the Jays wrapped up last season.

"You have to understand that I've been going to every Packers home game for a lot of years," Hinske said. "The Packers mean everything to me. Football is big in Wisconsin. Real big.

"I can't tell you how thrilling it was. That was the greatest experience of my life. There I was, talking with Brett Favre for 10 minutes. I mean, I was standing there, trying to act normal and listening to him tell me what a good season I had. Imagine that. To tell you the truth, I wanted to jump on Brett and tell him how much I love him. It was pretty neat."

And then, when Hinske was honoured as the AL's Rookie of the Year, the Packers called to congratulate him on his outstanding season, in which he batted .279 with 24 home runs, 38 doubles and 84 runs batted in.

"I didn't think I'd ever accomplish what I ended up accomplishing last year," Hinske said. "Honestly, I just went in hoping to keep my job. But now that I have a good year under my belt, I'm greedy. I want to keep it going and prove that I can do more."

And Hinske believes he could do more, especially if he were batting elsewhere in manager Carlos Tosca's order. Last season, Hinske appeared more often than not in the No. 2 spot.

"If I were hitting third, fourth or fifth," he said, "I believe I could drive in more runs."

Toronto general manager J.P. Ricciardi, who first obtained Hinske from the Cubs organization when he was with the Oakland A's, traded reliever Billy Koch to Oakland for Hinske before last season. He stuck out his neck for Hinske, awarding him the third-base position in Toronto before spring training.

"The biggest challenge Eric faces now is how will he handle success?" Ricciardi said. "He had a great year as a rookie but will he continue to have that great desire to win? Will he continue to work hard? Will he continue to learn the game?

"I think the answer to all these questions is yes. He's that kind of guy. He's a good person and, just as importantly, he's a better athlete than your eye would lead you to believe."

Opposing pitchers certainly discovered that. So did Bill Moore.



# Frankengoalie:

## The parts are greater than the sum

Building the **perfect netminder** from the ice up




Paul Weiner/AP

Adrian Wyld/CP

Ryan Remiorz/CP

Our mission, like that of roughly 30 general managers in the National Hockey League on an ongoing basis, was to find the perfect goaltender.

Someone with a good head on his shoulders, who handles pressure well, can lead and knows how to win. A goaltender who deftly handles the puck, maybe can score the odd goal, has a lightning-quick catching hand, outstanding positioning and is quick with his feet and agile on them.

Our method, unlike roughly 30 general managers, was to build the perfect goaltender from scratch. Piece by piece.

So we assembled an all-star panel of experts, all former NHL goaltenders, to identify the key parts and the best of the current goaltenders in each category. Our group consisted of Rogers Sportsnet analyst John Garrett, a veteran of the NHL wars in Vancouver, Hartford and Quebec; MSG Network and ABC-TV color commentator John Davidson, who played 10 NHL seasons with the Rangers and St. Louis; *Hockey Night in Canada* analyst Kelly Hrudey, who played 15 seasons with the Islanders, Los Angeles Kings and San Jose Sharks, and ESPN color commentator Darren Pang, who played in Chicago. All brought equal parts experience and opinion to our laboratory.

There wasn't total agreement on every area, but there was enough overlapping agreement to produce the pieces that make a perfect goaltender.

**Head:** Patrick Roy, *Colorado Avalanche*. **Body:** Evgeni Nabokov, *San Jose Sharks*. **Catching Hand:** José Theodore, *Montreal Canadiens*. **Stick:** Martin Brodeur, *New Jersey Devils*. **Legs/feet:** Nikolai Khabibulin, *Tampa Bay Lightning*. **Overall athleticism:** Curtis Joseph, *Detroit Red Wings*.

And the reasons why.

In terms of the head, there was unanimous agreement that Roy is the best. "Besides the ability to win all those big games, Patrick recognizes points in the season when it is crucial for his team to play better. Few players have the ability to stop a slide themselves, but to also get their teammates to realize they have to stop the slide. Patrick can do both," Hrudey said.

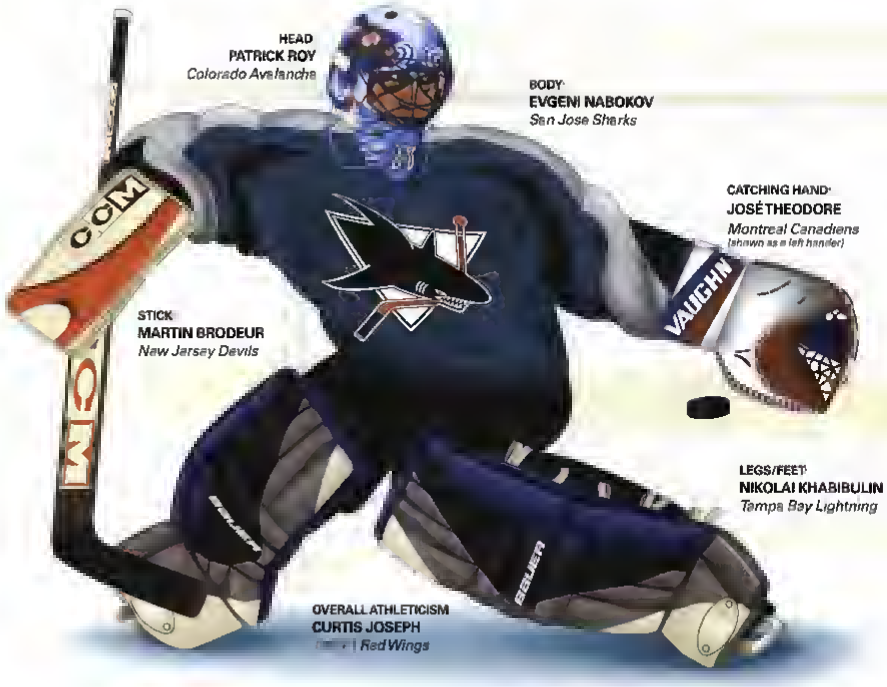
"Craig Billington once told me 'Throw all his talent to the side. Patrick is who he is, because of his head and his heart. He's always thinking of finding an edge and mentally he protects himself from long down periods," Pang said.




Peter Power/Reuters

Scott Audette/AP

Paul Sancya/AP




Illustration/Jacques Perreault

As for the body, there were plenty of options. "Nabokov's positioning is outstanding. No one gets his chest in the way of more shots," Pang said. 'Guys like Nabokov and Theodore can read the play so well and are terrific at getting their body in position quickly,' Hrudey said.

There were plenty of alternatives for best catching hand, as well, in large part because it was widely agreed that catching the puck is a dying skill. With the new equipment, goaltenders have become more shot blockers than pure stoppers.

"Theodore may be the quickest guy," Davidson said. "He's quick and agile. It's a disappearing skill. With the bigger equipment, it has become more of a body game. But Theodore is smart with his glove and knows how to play the angles with it."

"He plays deep in the net and he relies on his quickness," Garrett said. "He's one of the few at the NHL level who can give the shooter the glove side and take it away."

All were in agreement that the best stickhandling goaltender is Brodeur. "He has three different types of shots, three different wrist shots for different situations," Davidson said. ' He has got it down to a science."

' It's just so easy for him," Hrudey said. "He makes all the right decisions. Some guys overplay the puck, but not him."

'If you add the poke check to the category, then it's Marty Turco. But in terms of puckhandling, he's not as good as Martin. No one is," Pang said.

The legs and feet produced a lot of different possibilities, too, including Theodore, Phoenix's Sean Burke and Edmonton's Tommy Salo.

"Khabibulin's lateral movement is outstanding," Davidson said.

"He gets post to post very well and can get his pads down flat and fast," Pang said.

Finally, the panel agreed that Joseph was the most athletic in the league in terms of style, a humen highlight reel.

"He's a little unconventional, but they also said that about Dominik Hasek. Cujo is like a street-hockey goalie. He starts out the same as the rest, it's how he finishes up," Hrudey said.

# Golf' s deep in the**Woods**

**Far from an icon,** Tiger's a symbol of the game's systemic problems

BY JOHN GORDON

When it comes to limping into the 2003 golf season, Tiger Woods is not alone. He's a gimpy standard-bearer for a troubled game.

Woods, who strode Zeus-like into his fifth PGA Tour Player of the Year award in six full seasons, underwent arthroscopic surgery on his left knee in December to remove cysts and drain fluid. (To further our hypothesis, let's suppose that they were diamond cysts floating in Dom Perignon. Just imagine what he could have done with two healthy knees. Phil Mickelson and Ernie Els would have even worse nightmares. Yeah, like there are nightmares in their tax bracket.)

Woods will not return to competitive golf until about the time you receive this premiere edition of *Sportsnet Magazine*, perhaps not even by then. He had not committed to either the AT&T Pebble Beach Pro-Am or the Buick Invitational in San Diego, two of his traditional stops, when this was written.

For the betterment of golf, he might just as well retire. Do us all a favour.

Woods, who despite his earnest efforts to produce significant facial hair turned a downy-cheeked 27 on Dec. 30, has been the poster child for many things, all of them high on the laudability scale—if you're a wealthy male heterosexual capitalist. Nike, American Express, Rolex, Buick, restricted membership at Augusta National, intimate relationships with Swedish bikini models. Doesn't really matter whether you're black, white, Thai, or all of the above. As long as you're wealthy, male and heterosexual. Did I mention wealthy? Male?

It's safe to assume Woods never pictured himself performing that poster-child function for a once-healthy sports business now facing a multi-faceted crisis entering the third millennium, whether or not anyone in charge wants to admit it.



**Tiger Woods hits from the 18th fairway during the final round of the Target World Challenge in Thousand Oaks, California**

You need look no further than Woods himself for evidence. His US $33-million in official PGA Tour career earnings, on the strength of 34 wins including five last year (two of a possible four major victories), represented approximately 10 per cent of his total income as reported to U.S. Internal Revenue. Despite all those laudable charities, fotogenic (sic) fiancée Elin Nordegren aside, Tiger is the root of all golf's evil.

Casting aside the erroneous indications that his predominance has encouraged increased participation in the game, Tiger's influence has adversely influenced the game. He has cruelly enticed minorities who will never have the chance to play, priced equipment and apparel out of the reach of most, encouraged course developers to ridiculously lengthen and toughen courses, and hiked tournament purses and appearance fees to the point where most potential venues and sponsors simply can't afford to be involved with what should be the most democratic of sports, thanks to the time-honoured handicap system.

The tired old whine of PGA Tour players as 'self-employed contractors' loses much of its lustre when the 125th ranked player on the list cashes out with US $515,000 in official money (double that through corporate outings and endorsements), and when the top player on the PGA Tour's developmental circuit, the Buy.com/Nationwide Tour, makes US $382,000.

Every survey indicates that rounds played have flatlined, all the largest equipment manufacturers are laying off people, and many courses are begging for business.

That Tiger Tiger thing is burning anything but bright these days, but you'd have a hell of a time getting anyone with a vested interest to admit that. They're all too busy rearranging the chairs on the deck on the clubhouse of the Titanic Golf and Country Club.






Available Allison Transmission
Allison

A SLEDGEHAMMER IN A BALLPEEN WORLD.

Mighty big jobs call for a mighty powerful truck. Introducing the new Chevy® Silverado.
It's got a brand-new look but it's still got the same proven power you've come to expect. Get the available Duramax® Diesel* and come out swinging. 300 horses and 520 lb.-ft. of torque cut those big jobs down to size. With this much power, it won't even feel like work.
The new Silverado. The Truck. From Chevy. The most dependable, longest-lasting trucks on the road.†

SILVERADO LIKE A ROCK

1-800-GM-DRIVE or gmcanada.com
*Available only in Silverado 2500HD and 3500 models. †Dependability based on longevity. 1981–July 2001 full-line light-duty truck company registrations.



*continued from page 26*

You're also an environmental menace who couldn't care less about the Kyoto Protocol's strategy to reduce the world's greenhouse gas emissions. To some SUVphobes, you're nothing less than a potential murderer—research shows that SUVs pose a greater danger to pedestrians and other drivers than cars. At the very least, you're viewed as uninformed, since by now it's common knowledge that SUVs are more likely to roll than other vehicles. In fact, if you happen to get into an accident while driving one, there's a greater chance you'll be paralyzed or die than if you'd been in a car.

It's not just TV talking heads like Huffington who have serious issues with SUVs. To some church groups, driving one is simply immoral. "What would Jesus drive?" the Pennsylvania-based Evangelical Environmental Network asked last year in TV commercials that advocated fuel efficiency. Certainly not an SUV. U.S. eco-terrorists have defaced and vandalized the lumbering vehicles with acid, hatchets and arson. Newspaper editorialists rail against them. So do scientists and environmentalists with a tendency to plaster their own modestly sized vehicles with anti-SUV bumper stickers. "We're becoming like the fur coat wearers were back in the 1980s," says Mimi Iatrou, 45, a Halifax bar owner who drives a 2002 GMC Envoy. He's not one to be cowed by the critics. "I'm just waiting for someone to come after *me* with a can of spray paint," he says.

The anti-SUV movement even has a bible, a best-seller called *High and Mighty—SUVs: The World's Most Dangerous Vehicles and How They Got That Way*, by *New York Times* writer Keith Bradsher. SUV owners, he argues, aren't just a danger to themselves and others—they're also deeply flawed human beings. Citing the auto industry's own market research, he describes SUV drivers as "insecure and vain. They are frequently nervous about their marriages and uncomfortable about parenthood. They often lack confidence in their driving skills. Above all, they are apt to be self-centred and self-absorbed, with little interest in their neighbours and communities. They are more retiring, more sybaritic, and less social than most Americans are. They tend to like fine restaurants a lot more than off-road driving, seldom go to church and have limited interest in doing volunteer work to help others."






New ads accuse drivers of gas-guzzling SUVs of bankrolling the terrorist movement

All of which is news to Iatrou, an engaging father of two young children who drives 400 km from Halifax to see his in-laws in Saint John, N.B., half a dozen times a year. "I live in snowy Nova Scotia, not Hollywood," he says, "and if I think an SUV is the best way to keep my kids safe, no idiot with a talk show is going to tell me not to." Bradsher's description hardly seems to fit Maureen Mitchell, either. She used to drive a station wagon but found that with three kids she needed more space. She also appreciates the increased visibility and four-wheel drive that her SUV offers during the 40 km drive to her job at Halifax International Airport. Now she wonders why SUVs are getting all the bad ink. "Minivans are hard on gas too," she says. "How come nobody's campaigning to ban them?"

**Typical owners, says a best-selling book, are insecure and vain, nervous about their marriages, self-centred and self-absorbed**

She has a point. Her Acura SUV uses 13.9 litres per 100 km in the city, not much more than the 12.3 for the most fuel-efficient minivan of the same model year. (A station wagon, however, would be in the eight- to nine-litre range.) True, the real monster SUVs use more gas. But on some level, the backlash is clearly as much about perception as reality: minivans—no matter how much gas they use—enjoy a reputation as a practical, less ostentatious solution to the space problem for families.

Even so, the anti-SUV movement is proving slow to sway consumers. Last year, SUV sales in the U.S. were up six per cent from the previous year. The SUV share of the Canadian marketplace exploded from one per cent in 1981 to 10 per cent by 1998. But word is getting out about the downside of these hulks. According to a survey commissioned by Goodyear Canada and released in November, 39 per cent of Canadians felt drivers should have to pass a more rigorous test before being allowed to get behind the wheel of an SUV.

And Ottawa may be about to crack down on gas consumption. Talks are underway with automakers to reach the federal goal of a 25-per-cent improvement in fuel economy by 2010 for both passenger cars and the light-truck category, which includes SUVs as well as minivans and pickups. Being classified as trucks—in Canada and the U.S.—means the vehicles don't have to meet the same stringent emission standards as cars. Now American authorities are under pressure to change that categorization. "We'd probably try and follow what they do," says Peter Reilly Roe, chief of vehicle fuel efficiency at Natural Resources Canada.

Automakers, meanwhile, are sending a mixed message. The Detroit auto show, the annual January showcase of the latest in road metal, featured a new crop of full-sized SUVs. But General Motors Corp. will also introduce its advanced hybrid system—using electricity at low speeds and while idling, and gas at high speeds—as an energy-efficient option on some of its trucks, SUVs and mid-sized sedans. The automakers can read the polls as well as anyone. Demonizing SUV drivers may not be fair, but public opinion can be an unstoppable force. Just ask the women who used to wrap themselves in their full-length minks—before putting on a fur became synonymous to many with cruelty, selfishness and outdated thinking. m

THE DETROIT PROJECT/GETTY IMAGES



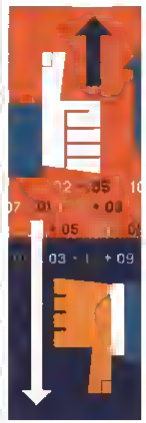
# THE BEST AND WORST MUTUAL FUNDS

**After another ugly year, investors are scaling back, writes KATHERINE MACKLEM**

**WHEN SEAN MAGUIRE** inherited some money in 1997, he knew "nothing" about investing. The 42-year-old Coquitlam, B.C., resident sought advice from four or five investment advisers, but came away disappointed each time. So Maguire, a project manager with a tech company in Vancouver, took the certified financial planners course, an intensive, two-year program—not for a career change, but to learn how to manage his own investments and plan for his retirement. "I didn't want to pay for bad advice," he says.

Many other Canadian investors can sympathize. Whatever kind of advice they got, a lot lost money in 2002. "Last year was an unusual year because the economy just didn't matter," says Stephen MacInnis, chief investment officer for HSBC Asset Management Canada Ltd. While the Canadian economy was "stellar," he notes, the stock market declined 14 per cent, down for the second year in a row. In the U.S., despite a "pretty good" economy last year, the markets destroyed 23 per cent of their market capitalization. Coming on the heels of the two previous years of market mayhem, 2002's poor showing was particularly harsh. From its peak on Sept. 1, 2000, the Toronto Stock Exchange's index had plummeted 42 per cent by year's end. Canadian RRSP holders had already lowered their expectations, telling pollsters last year they hoped to achieve a nine-per-cent return. Instead, mutual fund assets, where the bulk of RRSP money resides, fell seven per cent over the year—the second year those assets have declined. According to Morningstar Research Inc., the Toronto-based arm of investment data giant Morningstar Inc. of Chicago, $494.6 billion was invested in mutual funds in Canada, a figure that has shrunk by almost 20 per cent from 2000's peak of $611.6 billion.

The decline wasn't simply due to lousy markets. During the last nine months of 2002, Canadians withdrew more money from mutual funds than they put in—a record redemption binge, according to stats from the Investment Funds Institute of Canada. As it turns out, the full year saw more money invested than withdrawn, with the strong RRSP months of January and February tipping the balance. Still, the $3.4 billion that Canadians put into mutual funds last year, as tracked by IFIC, was the lowest the organization has recorded since 1990, and 88 per cent lower than the 2001 contributions of $29 billion. "Ugly stuff or what?" says Michael Manford, chief capital markets strategist for Canaccord Capital Corp. "There's little doubt that 2002 was a little too interesting a year."



## THE YEAR'S WINNERS AND LOSERS

Biggest gains and losses in 2002 among all funds

| FUND NAME | TYPE | PERFORMANCE (%) |
|---|---|---|
| TOP 10 | | |
| Royal Precious Metals | Precious metals | 153.1 |
| Sprott Gold and Precious Minerals | Precious metals | 116.2 |
| AGF Precious Metals | Precious metals | 103.8 |
| Mac Universal Precious Metals | Precious metals | 89.7 |
| BMO Precious Metals | Precious metals | 85.1 |
| Altamira Precious & Strategic Metals | Precious metals | 83.3 |
| Dynamic Canadian Precious Metals | Precious metals | 81.7 |
| London Life Prec Metals (MAXXUM) | Precious metals | 80.1 |
| TD Precious Metals - I | Precious metals | 74.3 |
| Sprott Hedge Fund L.P. | Alternative strategies | 74.0 |
| BOTTOM 5 | | |
| Mavrix Growth | Cdn small cap equity | -52.5 |
| ING Global Technology | Science and technology | -54.0 |
| Mavrix Enterprise | U.S. equity | -59.0 |
| iUnits S&P/TSX Cdn Information Tech | Science and technology | -59.1 |
| ING Global Communications | Science and technology | -62.0 |

ILLUSTRATIONS BY GREG MABLY



Maguire learned to manage his own money because "I didn't want to pay for bad advice"

Vancouver's Maguire, too, lost money in 2002—about six per cent. Yet he's not fazed—and the losses have left nary a dent in his strategy to invest wholly in equities, a plan many consider risky. Eschewing the standard advice to diversify, Maguire settled on just two mutual funds, one in Canadians stocks, the other in U.S. "I had to convince my investment rep I didn't want lots of funds," he says. The two he chose are managed by Jim O'Shaughnessy, of Bear Stearns Asset Management Inc., and are named for him and the quantitative analysis strategy he champions. The funds, balancing high-yield large companies with cheaper growing ones, are hardly flashy. "The fund's approach," says an O'Shaughnessy commentary, "will, as always, remain boring, predictable and, we believe, quite successful." Maguire bought the funds early in 1999 for three different RRSP accounts—a regular account and a locked-in one for himself, and a spousal account for his wife. Annualized, the accounts have provided a return of about nine per cent. Invested for the long haul, Maguire says he might re-balance the portfolio when he reaches 50 and put 10 to 15 per cent into a more secure, non-equity investment. In the meantime, the self-described "calm and optimistic" Maguire says, "I can't see myself withdrawing this. Because I'm happy with the vehicles I've chosen, I just let them go."

Even though he lost money last year, Maguire has contributed the maximum he can for 2002, which is limited by Ottawa to 18 per cent of earned income up to a ceiling of $13,500. Government sources last week leaked suggestions that Finance Minister John Manley may bump up the limit to $21,000. "I'd take full advantage," says Maguire. "I'd like to see the limits raised."

*Maclean's* annual mutual fund ranking, compiled by Morningstar, is designed to help investors make choices that they, like Maguire, are comfortable with. The tables on these pages offer the best and worst funds in eight selected categories based on three important measures: the annual compound return over the last three years, longer term performance over a succession of three-year periods, and a special Morningstar risk/return score. This year, all funds in the longer term performance tables must have been around

MACLEAN'S | MORNINGSTAR

PHOTOGRAPH BY CHRISTOPHER MORRIS



at least five years—when our usual standard of three years was used, the bad markets since 2000 skewed the results so that nearly all of the worst, and a sixth of the best, were young funds. In addition, there is the *Maclean's* Hot 100, a best-of-class listing compiled exclusively for the magazine by Morningstar and based on its well-known five-star rating system. Ranked on the basis of three-year annual compound return, the Hot 100 list is a measure of the best quality in the industry.

And just for fun—not advice—there's a table showing the winners and losers based only on last year's performance. Hardly surprisingly, nine of the 10 winners are precious metals funds—the success story of the past two years—while three of the five losers are in science and technology. According to Morningstar, the precious metals category delivered a 94-per-cent return last year, and experts—such as those in the *Maclean's* 2003 roundtable (page 35)—remain bullish on gold and gold stocks. But almost all other categories returned less than 10 per cent, and the majority were in the red.

Last year's markets were especially roiled by the scandals of the business world. WorldCom, Adelphia Communications, Tyco, ImClone and, of course, Martha. The zinger to top them all off: Enron. These companies became big household names, while Martha Stewart's big name in households gained notoriety amid an insider trading probe. Together, the corporate scandals stripped not only billions from the markets, but also tore investor confidence to shreds. Now, helped in part by the sight of execs in handcuffs on TV, investor discomfort seems to be waning. "It's great that we've exposed these people," says Susan Marron, a 35-year-old working mother in Toronto. "It will make a difference to have some honesty back in the market."

Marron, who lost about 20 per cent of her $40,000 RRSP portfolio last year, is considering buying ethical funds in response to the corruption she sees in the marketplace. Otherwise, she's staying the course, invested in conservative equity funds. "I've got 25 years before I retire. I'm not overly worried."

Jennifer Jones, a 42-year-old professor in Sackville, N.B., has responded, not to corporate scandal, but to U.S. politics. She moved "a big chunk" of her mutual funds from U.S. investments, contrary to her adviser's advice, into socially responsible funds. "I can't stomach the idea of my money being anywhere near the billion-dollar-a-day military industry of the U.S.A.," Jones says. "People don't often make the link between politics and where their money goes." Jones intends to invest more in real estate and on a lark, a small amount may go into an acquaintance's home-based herbal tea company. "Why not? That's a risk I can live with."

Professional portfolio managers are also adjusting their strategies in response to last year's spate of scandals, says HSBC's MacInnis. "We've always tried to be diligent, but you can always be more so," he says. "It's become more important in our thinking." In particular, professional investors pay close attention to the quality of a company's management and how it is paid, the independence of the board, and how capital is allocated.

Investors—the non-professional ones—have begun to pay close attention to another factor: the fees they're paying. Whenever markets go down, concern about fees

## WHAT THE RANKINGS MEAN

**3-YEAR ANNUALIZED RETURN:**
Annual compound return over the three years to Dec. 31, 2002, in per cent, after management costs have been deducted. All funds in the *Maclean's* tables must have a return history of at least three years.

**LONGER-TERM PERFORMANCE:**
The average annualized rolling return over every three-year period—changing month by month—in the last 15 years or since a fund's inception. Rolling return means averages are not skewed by calendar years. Funds in this section have a minimum five year history. In per cent, after management costs have been deducted.

**RISK/RETURN SCORE:**
Shows return against the degree of risk a fund has taken over the last three years, relative to the category average. The score (not a percentage) uses some clever math to measure the length and magnitude of a fund's ups and downs against risk-free government treasury bills, and against the averages for the category. A higher number means the fund did better than its peers in the face of market volatility.

**AVAILABILITY:**
Some funds are restricted to certain provinces or certain professional groups, or have minimum investment requirements.

## CANADIAN BOND

Funds that invest in bonds and other fixed-income securities (260 funds holding $32 billion in assets)

**3-YEAR ANNUALIZED RETURN**

TOP 10

| | |
|---|---|
| Acuity Pooled Fixed Income | 11.59 |
| FISQ Zero coupon - profil Quebec | 10.20 |
| Professionals Qc Bond | 9.06 |
| PH & N Bond Series A | 8.95 |
| TD Real Return Bond - I | 8.94 |
| Beutel Goodman Private Bond | 8.90 |
| TD Canadian Bond - I | 8.88 |
| Altamira Bond | 8.77 |
| Beutel Goodman Income | 8.67 |
| McLean Budden Fixed Income | 8.65 |

BOTTOM 5

| | |
|---|---|
| MLI Conservative Asset Alloc GIF encore | 1.89 |
| BMO MatchMaker Security 2 | 0.82 |
| BMO Reg MatchMaker Security 2 | 0.53 |
| Mavrix Strategic Bond | 0.11 |
| Trans-Canada Bond | -1.42 |

**LONGER-TERM PERFORMANCE**

TOP 10

| | |
|---|---|
| Altamira Bond | 10.62 |
| PH & N Bond Series A | 10.10 |
| Altamira Income | 10.06 |
| Batirente Bonds | 10.00 |
| Acuity Pooled Fixed Income | 9.90 |
| Equitable Life Canada Accum. Income | 9.86 |
| TD Canadian Bond - I | 9.64 |
| Perigee Index Plus Bond | 9.61 |
| Optimum Obligations | 9.60 |
| McLean Budden Fixed Income | 9.42 |

BOTTOM 5

| | |
|---|---|
| BMO Reg MatchMaker Security 2 | 3.99 |
| Maritime Life Bond Series B | 3.90 |
| Millennia III Income Series 2 | 3.87 |
| BMO Reg MatchMaker Security 1 | 3.70 |
| MLI AGF Canadian Bond GIF | 3.36 |

**RISK/RETURN SCORE**

TOP 10

| | |
|---|---|
| Acuity Pooled Fixed Income | 6.87 |
| FISQ Zero coupon - profil Quebec | 5.49 |
| Professionals Qc Bond | 4.48 |
| PH & N Bond Series A | 4.40 |
| Beutel Goodman Private Bond | 4.32 |
| TD Canadian Bond - I | 4.32 |
| TD Real Return Bond - I | 4.24 |
| McLean Budden Fixed Income | 4.10 |
| Bissett Bond Class F | 4.09 |
| Beutel Goodman Income | 4.09 |

BOTTOM 5

| | |
|---|---|
| MLI Conservative Asset Alloc GIF encore | -2.35 |
| BMO MatchMaker Security 2 | -3.37 |
| BMO Reg MatchMaker Security 2 | -3.67 |
| Mavrix Strategic Bond | -4.07 |
| Trans-Canada Bond | -5.52 |





## CANADIAN EQUITY

Funds that invest in shares of Canadian companies (480 funds holding $72 billion in assets)

**3-YEAR ANNUALIZED RETURN**

TOP 10

| | |
|---|---|
| Sprott Canadian Equity | 42.33 |
| Chou RRSP | 21.58 |
| McElvaine Investment Trust | 17.00 |
| Hirsch Performance | 16.33 |
| ABC Fundamental Value | 13.41 |
| Saxon Stock | 13.05 |
| CI Signature Select Canadian | 11.56 |
| Co-operators Cdn Conserv Focused Eq | 10.19 |
| Equitable Life Canadian Equity Value | 10.01 |
| Opus 2 Canadian Growth Equity | 9.96 |

BOTTOM 5

| | |
|---|---|
| Evolution Canadian Demographic | -20.45 |
| Trans-Canada Value | 22.63 |
| Trans GS2 Cdn Equity | -23.37 |
| Trans IMS CDN Growth | -25.79 |
| University Avenue Canadian | 36.82 |

**LONGER-TERM PERFORMANCE**

TOP 10

| | |
|---|---|
| Sprott Canadian Equity | 43.56 |
| Hirsch Performance | 24.24 |
| Acuity Pooled Canadian Equity | 21.13 |
| McElvaine Investment Trust | 21.06 |
| AIC Advantage | 19.84 |
| ABC Fundamental Value | 19.69 |
| AIC Diversified Canada | 18.71 |
| Foresters Growth Equity | 17.77 |
| Altamira Equity | 16.60 |
| AIM Canadian First Class | 16.51 |

BOTTOM 5

| | |
|---|---|
| Trans-Canada Value | 2.81 |
| Dynamic Focus + Canadian | 2.51 |
| Astra Natcan Canadian Equity | 0.29 |
| StrategicNova Canadian Midcap Growth | -1.87 |
| Caldwell Canada | 8.00 |

**RISK/RETURN SCORE**

TOP 10

| | |
|---|---|
| Sprott Canadian Equity | 29.96 |
| Chou RRSP | 15.01 |
| McElvaine Investment Trust | 10.79 |
| Hirsch Performance | 7.51 |
| Saxon Stock | 6.94 |
| ABC Fundamental Value | 6.74 |
| CI Signature Select Canadian | 5.28 |
| Co-operators Cdn Conserv Focused Eq | 4.95 |
| Equitable Life Canadian Equity Value | 4.33 |
| CI Signature Select Canadian Seg I | 3.72 |

BOTTOM 5

| | |
|---|---|
| Evolution Canadian Demographic | 29.73 |
| Trans-Canada Value | -31.47 |
| Trans IMS CDN Growth | -33.99 |
| Trans GS2 Cdn Equity | -34.46 |
| University Avenue Canadian | -45.08 |

## CANADIAN LARGE CAP

Funds that invest in large Canadian corporations (173 funds holding $22.6 billion in assets)

**3-YEAR ANNUALIZED RETURN**

TOP 10

| | |
|---|---|
| CI Canadian Investment | 8.71 |
| Sun Life CI Cdn Investment 75% | 8.30 |
| Mawer Canadian Equity | 7.89 |
| Great-West Life Dividend/Growth(M) B | 7.68 |
| Sun Life CI Cdn Investment 100% | 7.54 |
| Great-West Life Dividend/Growth(M) A | 7.43 |
| McLean Budden Canadian Equity Value | 6.86 |
| O'Shaughnessy Canadian Equity | 6.43 |
| TD Canadian Blue Chip Equity - I | 5.98 |
| NAL Canadian Equity | 5.45 |

BOTTOM 5

| | |
|---|---|
| IA Ecflx NL Stock | -15.23 |
| Mavrix Sierra Equity | -15.26 |
| National Equities | -15.26 |
| Mavrix Canadian Strategic Equity | -16.14 |
| Altamira Capital Growth | -19.08 |

**LONGER-TERM PERFORMANCE**

TOP 10

| | |
|---|---|
| Dynamic Power Canadian Growth | 15.76 |
| Elliott & Page Canadian Equity Class A | 15.70 |
| Elliott & Page Blue Chip Class A | 14.07 |
| BMO Equity | 13.41 |
| FMOQ Canadian Equity | 13.29 |
| Renaissance Canadian Core Value | 12.85 |
| Clarington Canadian Equity | 12.68 |
| Maritime Life Value Equity R | 12.48 |
| O'Shaughnessy Canadian Equity | 12.14 |
| Co-Operators Canadian Equity | 11.71 |

BOTTOM 5

| | |
|---|---|
| IG Beutel Goodman Canadian Equity | 3.69 |
| Elliott & Page Value Equity | 2.67 |
| MLI Elliott & Page Equity GIF | 2.43 |
| IG AGF Canadian Growth II | 0.53 |
| Investors Canadian Enterprise | -2.04 |

**RISK/RETURN SCORE**

TOP 10

| | |
|---|---|
| CI Canadian Investment | 3.42 |
| Sun Life CI Cdn Investment 75% | 2.99 |
| Sun Life CI Cdn Investment 100% | 2.27 |
| Mawer Canadian Equity | 2.11 |
| Great-West Life Dividend/Growth(M) B | 1.98 |
| Great-West Life Dividend/Growth(M) A | 1.74 |
| McLean Budden Canadian Equity Value | 1.24 |
| O'Shaughnessy Canadian Equity | 0.87 |
| TD Canadian Blue Chip Equity - I | 0.64 |
| Clarica Summit Canadian Equity | 0.29 |

BOTTOM 5

| | |
|---|---|
| IA Ecflx NL Stock | -21.08 |
| National Equities | -21.09 |
| Mavrix Sierra Equity | -22.56 |
| Mavrix Canadian Strategic Equity | -25.61 |
| Altamira Capital Growth | -28.24 |

## CANADIAN SMALL CAP

Funds investing in small and mid-size Canadian firms (132 funds holding $11.9 billion in assets)

**3-YEAR ANNUALIZED RETURN**

TOP 10

| | |
|---|---|
| Resolute Growth | 45.39 |
| Norrep | 29.21 |
| Bissett Microcap Class F | 21.13 |
| Mawer New Canada | 19.88 |
| Trimark Canadian Small Companies | 19.80 |
| Clarington Canadian Small Cap | 17.33 |
| Ethical Special Equity | 16.36 |
| Elliott & Page Growth Opportunities | 16.11 |
| R Small Cap Canadian Equity | 15.75 |
| Northwest Specialty Equity | 14.67 |

BOTTOM 5

| | |
|---|---|
| University Avenue Canadian Small Cap | -29.39 |
| Mavrix Emerging Companies | -30.04 |
| Cambridge Special Equity | -30.71 |
| Cambridge Growth | -30.98 |
| Mavrix Growth | -46.97 |

**LONGER-TERM PERFORMANCE**

TOP 10

| | |
|---|---|
| Norrep | 23.30 |
| Resolute Growth | 23.28 |
| Bissett Microcap Class F | 23.26 |
| CIBC Canadian Small Companies | 19.83 |
| Northwest Specialty Equity | 18.64 |
| CDA Special Equity (KBSH) | 18.02 |
| GBC Canadian Growth | 16.56 |
| Talvest Millennium Next Generation | 16.29 |
| Fidelity Canadian Growth Company Sr A | 16.07 |
| Concordia Special Growth | 15.71 |

BOTTOM 5

| | |
|---|---|
| Cambridge Special Equity | -3.24 |
| Cambridge Growth | -3.48 |
| CI Explorer Sector Shares | -3.92 |
| Dynamic Focus + Small Business | -5.64 |
| AGF Canadian Aggressive All-Cap | -5.91 |

**RISK/RETURN SCORE**

TOP 10

| | |
|---|---|
| Resolute Growth | 30.20 |
| Norrep | 19.18 |
| Trimark Canadian Small Companies | 13.23 |
| Mawer New Canada | 12.90 |
| Bissett Microcap Class F | 12.01 |
| Clarington Canadian Small Cap | 9.70 |
| Ethical Special Equity | 8.81 |
| Elliott & Page Growth Opportunities | 8.04 |
| R Small Cap Canadian Equity | 7.67 |
| Northwest Specialty Equity | 6.68 |

BOTTOM

| | |
|---|---|
| University Avenue Canadian Small Cap | -44.01 |
| Cambridge Special Equity | -45.49 |
| Cambridge Growth | -46.43 |
| CTI Strategic Growth | -48.68 |
| Mavrix Growth | -57.73 |

goes up, says Moshe Milevsky, a finance professor at York University in Toronto. "Investors are starting to realize that there is a lot of randomness their advisers can't control, and that fees are not a guarantee against losing money," says Milevsky, author of the new book *Wealth Logic*, which includes a chapter on management fees. According to Morningstar, management expense ratios—MERs—have edged up over the last four years. In the Canadian equity category, for example, the median MER has grown to 2.76 per cent from 2.50. Compared with the U.S.—where rates for equity funds average 1.5 per cent—Canadian MERs are high, Milevsky says. "There's room," he adds, "for a very low-cost fund manager in Canada like the U.S.'s Vanguard Group Inc., which offers basic garden variety funds that track the market."

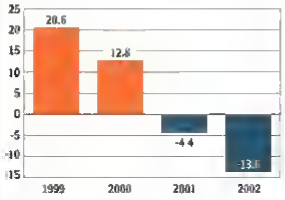
Maguire, investing in the O'Shaughnessy funds, pays an MER of 1.66 per cent, considerably less than the Canadian equity median. "Naturally, I'd like to pay the lowest possible fees," he says, adding he's aware these are relatively inactive funds that don't require a lot of management. "If the fees went up, I'd complain," he says, "but I'd still stick with the program. They'd have to go up a lot—a whole lot—for me to think about moving. It's the nature of the funds I like."

What Maguire has found are investments that allow him to sleep at night—something many investors search for. He is convinced the funds' strategy is sound, he's confident he is doing the right thing. Not all investors are so comfortable. A Royal Bank of Canada

## PAYING MORE FOR LESS

Although overall returns from equity funds have dramatically declined in recent years, many mutual fund companies have nonetheless increased management expense ratios—their annual percentage fee for administering a fund.

Median annual return for Canadian equity funds (% return)




Median management expense ratio for Canadian equity funds (% MER)




SOURCE: MORNINGSTAR

poll conducted in November found widespread uncertainty, with about a third of respondents unaware even of the value of their RRSP portfolio. Among those who planned to make a contribution, another third weren't sure how much they'd invest. "The last two years of equity investing has been sobering for many Canadians," says Matt Varey, an RBC senior vice president. "With these markets, it can be tempting to postpone making decisions."

Which would be a mistake, strategists say. It's impossible to pinpoint the bottom of the market until we are well past it, but many analysts say it is close. "The equity markets continue to be under—yes, under—valued," says Canaccord's Manford. He expects North American stocks to be undervalued for several years. Even so, "that degree may be halved by year-end."

MacInnis of HSBC predicts an average return on equities in 2003 of between six and 10 per cent. "The question of dividends is increasingly important," he says. Dividends play two important roles: they mean earnings are real, and they are a way of maintaining returns to investors in a world of single-digit growth in stock prices. While MacInnis advises individual investors to use a balanced approach, he believes stocks will outperform cash or bonds. "We still think equities are the superior asset."

Albert Aris agrees—even though he knows from experience how dangerous stocks can be. Aris, a 51-year-old self-employed contractor in Edmonton, had been investing in mutual funds for almost 25 years when he lost roughly a third—"enough money to buy a really nice car"—of his retirement fund. He sold the funds and now manages his portfolio on his own, using a discount broker. He invests all of it directly in companies, in hopes of recouping his losses over the next five years. At that point, he intends to follow the experts' advice and diversify into gold, precious metals, foreign cash and bonds. "I keep thinking we've found the bottom," says Aris, who doesn't intend to retire for another 20 years. "I'm purchasing stocks on the feeling that we're going to get another wave." Aris, who checks his stocks daily and conducts intensive research before investing, says he's learned an important lesson: know what you're buying. He adds: "My own tuition fee was huge."

Mark Thelander paid a hefty price, too, to learn about the market. The 29-year old Torontonian lost half of his $20,000 portfolio. A systems analyst, he was heavily invested in tech stocks—"all the good stuff," such as Nortel Networks, Research in Motion, Celestica. But while those tanked, it wasn't a complete washout. Thelander sold Corn Dev International Ltd. at $20 after paying $4 for it. "I'm not so bitter. I gained and I lost." He's remained invested in equities, mainly in a Canadian growth mutual fund and an international equities fund. He admits greed was a driving factor and says it continues to influence his decision to stay invested in stocks. "I don't want to miss the little bumps up." Still, after selling his first house, Thelander, who is married and expects to have children in the next few years, had $50,000 to park for half the year before investing it in a new home. A couple of years ago, he would have put some of it in the market, he says. Instead, it sat for eight months in one of the safest vehicles available: a Canadian money market fund—and made "a whole $200." Next, Thelander plans to take out a $10,000 RRSP loan to invest mostly in equities. "For my age, we're close enough to the bottom," he says. "I'm glad I'm young and didn't have much to lose."

Chet Beeswanger is at the other end of the spectrum. The 53-year old miner wants to retire in two or three years. Last year, his portfolio shrank by 13 per cent—and the volatile markets have made him a cautious investor. "I'm getting too close to the end to take another 10- to 15-per-cent drop," he says. Each month, Beeswanger contributes "every available cent" to his RRSP. While most of his investments are still in equities, the new inflow goes into the most conservative funds. He says his portfolio, in the low six figures, is close

## CANADIAN BALANCED

Funds with mixed portfolios of stocks and bonds (482 funds holding $65.9 billion in assets)

### 3-YEAR ANNUALIZED RETURN

| TOP 10 | |
|---|---|
| Saxon Balanced | 11.68 |
| Dynamic Focus + Balanced | 11.13 |
| Trimark Income Growth SC | 10.71 |
| Royal Monthly Income | 10.55 |
| CIBC Monthly Income | 10.51 |
| Dynamic Focus + Guaranteed Balanced | 10.14 |
| Trimark Income Growth DSC | 9.68 |
| TD Monthly Income - I | 9.34 |
| Mac Cundill Canadian Balanced Seg | 9.17 |
| Clarica SF Trimark Balanced | 8.96 |

| BOTTOM 5 | |
|---|---|
| Excel Canadian Balanced | -10.16 |
| Mavrix Diversified | -11.27 |
| Caldwell Balanced | -11.38 |
| Members Mutual | -14.54 |
| Cambridge Balanced | -21.69 |

### LONGER-TERM PERFORMANCE

| TOP 10 | |
|---|---|
| ABC Fully-Managed | 14.33 |
| FMOQ Fonds De Placement | 13.69 |
| Acuity Pooled Canadian Balanced | 12.82 |
| Trans GS2 Cdn Balanced | 12.69 |
| Beutel Goodman Private Balanced | 11.83 |
| Mac Ivy Growth & Income | 11.63 |
| Transamerica BIG | 11.53 |
| Bissett Canadian Balanced Class F | 11.48 |
| McLean Budden Balanced Growth | 10.90 |
| AIM Canadian Balanced | 10.89 |

| BOTTOM 5 | |
|---|---|
| CUMIS Life Balanced | 0.83 |
| Astra Balanced Strategy | 0.04 |
| MLI Elliott & Page Balanced GIF | -0.55 |
| Cambridge Balanced | -1.65 |
| Members Mutual | -5.61 |

### RISK/RETURN SCORE

| TOP 10 | |
|---|---|
| Saxon Balanced | 6.49 |
| Dynamic Focus + Balanced | 6.14 |
| Royal Monthly Income | 5.80 |
| Trimark Income Growth SC | 5.79 |
| CIBC Monthly Income | 5.72 |
| Dynamic Focus + Guaranteed Balanced | 5.19 |
| Trimark Income Growth DSC | 4.80 |
| TD Monthly Income - I | 4.76 |
| Quadrus LLIM Income Plus | 4.28 |
| Clarica SF Trimark Balanced | 4.12 |

| BOTTOM 5 | |
|---|---|
| Caldwell Balanced | -17.30 |
| Transamerica BIG | -17.32 |
| Mavrix Diversified | -17.56 |
| Members Mutual | -20.50 |
| Cambridge Balanced | -29.31 |

## U.S. EQUITY

Funds that invest in shares of U.S. companies (459 funds holding $28.5 billion in assets)

### 3-YEAR ANNUALIZED RETURN

| TOP 10 | |
|---|---|
| All Points U.S. Bear | 22.98 |
| Chou Associates | 19.60 |
| North Growth U.S. Equity | 16.60 |
| ABC American Value | 11.66 |
| AIC American Focused | 9.68 |
| AIC RSP American Focused | 9.26 |
| Great West Life U.S. Large Cap Val (IG) | 4.65 |
| Investors U.S. Large Cap Value | 4.20 |
| Investors U.S. Large Cap Value RSP | 3.56 |
| Templeton Mutual Beacon | 3.03 |

| BOTTOM 5 | |
|---|---|
| Clarington U.S. Growth | -27.42 |
| AIM American Growth | -34.34 |
| AIM RSP American Growth | -34.55 |
| All Points U.S. Geared | -34.79 |
| Mavrix Enterprise | -35.70 |

### LONGER-TERM PERFORMANCE

| TOP 10 | |
|---|---|
| All Points U.S. Geared | 28.03 |
| Janus American Equity | 27.88 |
| VistaFund 1 Am Stock | 22.06 |
| MD U.S. Large Cap Growth | 21.72 |
| VistaFund 2 Am Stock | 21.13 |
| Fonds de Croissance Select | 19.62 |
| North Growth U.S. Equity | 19.10 |
| BPI American Equity | 18.50 |
| CI American Growth | 18.32 |
| AIC Value | 17.19 |

| BOTTOM 5 | |
|---|---|
| TD U.S. RSP Index - I | -2.87 |
| Great West Life American Growth(A) A | -3.07 |
| All Points U.S. Bear | -3.36 |
| Clarington U.S. Growth | -4.57 |
| Astra McLean Budden U.S. Equity | -6.56 |

### RISK/RETURN SCORE

| TOP 10 | |
|---|---|
| All Points U.S. Bear | 12.94 |
| Chou Associates | 12.67 |
| North Growth U.S. Equity | 8.85 |
| ABC American Value | 4.21 |
| AIC American Focused | 4.11 |
| AIC RSP American Focused | 3.71 |
| Great West Life U.S. Large Cap Val (IG) | -1.78 |
| Investors U.S. Large Cap Value | -2.20 |
| Templeton Mutual Beacon | -2.43 |
| Investors U.S. Large Cap Value RSP | -2.84 |

| BOTTOM 5 | |
|---|---|
| Cambridge American Growth | 40.00 |
| All Points U.S. Geared | 45.06 |
| Mavrix Enterprise | 46.50 |
| AIM American Growth | -47.11 |
| AIM RSP American Growth | 47.16 |

## GLOBAL EQUITY

Funds investing in companies anywhere in the world (518 funds holding $62.6 billion in assets)

### 3-YEAR ANNUALIZED RETURN

| TOP 10 | |
|---|---|
| Friedberg Toronto Trust Intl Securities | 27.40 |
| Mac Ivy Foreign Equity | 6.11 |
| Mac Ivy Foreign Equity Segregated | 6.02 |
| Templeton Global Smaller Companies | 5.91 |
| Mac Ivy RSP Foreign Equity | 5.70 |
| Mac Cundill Value Series A | 5.48 |
| Templeton Global Smaller Cos. RSP | 5.47 |
| Trimark Fund SC | 5.40 |
| CDA Global (Trimark) | 5.25 |
| Mac Cundill Value Series C | 5.08 |

| BOTTOM 5 | |
|---|---|
| GGOF RSP Global Growth Classic | -26.69 |
| GGOF Global Growth Mutual | -26.77 |
| GGOF RSP Global Growth Mutual | -27.12 |
| AGF Aggressive Global Stock | -28.38 |
| AGF World Companies | -28.75 |

### LONGER-TERM PERFORMANCE

| TOP 10 | |
|---|---|
| Bissett Multinational Growth Class F | 16.05 |
| Trimark Fund SC | 15.47 |
| Clarington Global Small Cap | 15.28 |
| AGF International Value | 15.25 |
| Altamira Global Small Company | 15.14 |
| AGF Aggressive Global Stock | 15.04 |
| CI Global Small Companies | 14.73 |
| Renaissance Global Value | 14.70 |
| Trimark Select Growth | 14.65 |
| Janus Global Equity | 14.34 |

| BOTTOM 5 | |
|---|---|
| APEX Global Equity | 0.95 |
| CI Global Segregated | 0.86 |
| Maritime Life Global Equities Series B | -0.80 |
| Cambridge Global | -1.29 |
| Opus 2 Ambassador Growth Portfolio | -2.52 |

### RISK/RETURN SCORE

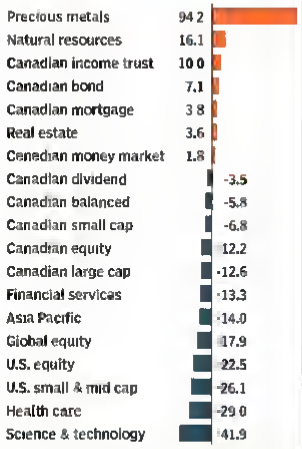
| TOP 10 | |
|---|---|
| Friedberg Toronto Trust Intl Securities | 13.68 |
| Mac Ivy Foreign Equity | 0.85 |
| Mac Ivy Foreign Equity Segregated | 0.81 |
| Mac Ivy RSP Foreign Equity | 0.45 |
| Templeton Global Smaller Companies | 0.28 |
| Templeton Global Smaller Cos. RSP | -0.14 |
| Mac Cundill Value Series A | -0.60 |
| Trimark Fund SC | -0.55 |
| CDA Global (Trimark) | -0.67 |
| Mac Cundill Value Series C | -0.68 |

| BOTTOM 5 | |
|---|---|
| GGOF Global Growth Mutual | -31.74 |
| GGOF RSP Global Growth Mutual | -32.12 |
| Cambridge Global | -32.69 |
| AGF Aggressive Global Stock | -34.29 |
| AGF World Companies | -35.39 |



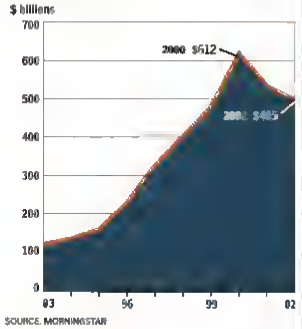
## HOW THEY PERFORMED

Average return in 2002 in selected industry categories (%)




## THE NEW CENTURY'S SLIDE

Total mutual fund assets in Canada




SOURCE: MORNINGSTAR

to what he'll need to support a modest retirement near Halifax. But it's not quite there yet and, recognizing the Catch-22 of retirement planning, he says that to get it to the level he wants, he has to take the risk of remaining at least partly invested in equities. Besides, there's not much choice. "Where else do you put your money? It's not as bad as bingo, but there's no free ride. You have to realize there's risk."

According to the Royal Bank poll, more than half of Canadians think the plunging stock markets of the last few years have cut into their retirement plans. Among respondents 55 or older who are still working, 57 per cent said they are behind in saving for their retirement—up significantly from the 48 per cent of last year. And, only one in four Canadians believe they will fund their retirements from their own investments, down from 35 per cent in 2000. "Canadians are feeling less confident in their ability to provide for their own future," says Brenda Vince, president of RBC Funds Inc.

In another poll for the Toronto-Dominion Bank, investors said they're scaling back. The average that Canadians say they'll contribute to their RRSPs this year is $3,900, 20 per cent less than last year's $4,850. People are shying away from the equity markets, the poll results suggest. Last year, half said they'd buy equity mutual funds as part of their plans, but this year only a quarter intend to.

Aspirations have shrunk as well. Last year, investors said they thought they'd need $652,000 to retire comfortably. This year, they say $547,000. Even then, they're not confident they'll achieve their target. Less than three in 10 say they'll have enough, while a quarter believe they probably won't. Still, the poll shows widespread optimism—or is it naive confusion? Investors expect the same return, nine per cent, that they hoped for a year ago—but didn't get.

Forecasting markets, by the amateurs or the pros, is often a foolish exercise. For the past 12 years, Mercer Investment Consulting has asked money managers around the world what they expect for the coming year. "Actual results at the end of the year have often been very different from what managers were expecting at the beginning of the year," says Marcel Larochelle, leader of the company's Canadian practice. A year ago, managers predicted a tough first half of 2002, followed by a strong recovery in the markets in the second half. Wrong, of course. This year, they expect equity markets to return 10 to 12.5 per cent, while their take on bond markets ranges from a four-per-cent loss to a seven-per-cent gain. "All we can do now," Larochelle says, "is hope that the slight recovery in the fourth quarter of 2002 is a positive indication that our fearless forecasters have it right for 2003." Just remember, the perfect crystal ball has yet to be found. And if it appears, it will come with a 100 per-cent management fee. M

kmacklem@macleans.ca

## ALL THE REST

Funds not covered in *Maclean's* other charts (1,924 funds holding $199.1 billion in assets; category in square brackets when unclear)

### 3-YEAR ANNUALIZED RETURN

TOP 10

| | |
|---|---|
| Royal Precious Metals | 45.40 |
| Mac Universal Precious Metals | 43.83 |
| ADA Diversified Fut Ltd Part [specialty] | 38.34 |
| BMO Precious Metals | 34.74 |
| Dominion Equity Resource | 34.16 |
| Dynamic Canadian Precious Metals | 30.16 |
| AGF Precious Metals | 29.69 |
| TD Precious Metals - I | 28.41 |
| London Life Precious Metals (MAXXUM) | 28.12 |
| Dynamic Global Precious Metals | 25.75 |

BOTTOM 5

| | |
|---|---|
| AIM Global Telecommunications Class | -43.04 |
| AIM RSP Global Telecommunications | -43.69 |
| Altamira e-business | -44.22 |
| Trans IMS Information Technology | -47.53 |
| First Trust Dow Jones Internet Tr 1999 | -55.53 |

### LONGER-TERM PERFORMANCE

TOP 10

| | |
|---|---|
| Altamira Science & Technology | 43.22 |
| Talvest Global Science & Technology | 41.75 |
| Talvest Global Health Care | 38.46 |
| CI Global Telecommunications Sector | 36.74 |
| AIM Global Technology | 35.34 |
| CIBC Global Technology | 34.00 |
| Goodwood Fund [altern. strategies] | 32.54 |
| AGF Aggressive Growth [U.S. small/mid] | 29.02 |
| Trans GS2 US 21st Century [sc. & tech.] | 25.16 |
| CI Global Technology Sector | 23.89 |

BOTTOM 5

| | |
|---|---|
| StrategicNova World Precious Metals | -9.54 |
| Friedberg Diversified [altern. strategies] | -9.78 |
| Ethical Pacific Rim | -13.49 |
| AGF Managed Futures [specialty] | -21.28 |
| Cambridge Precious Metals | -25.12 |

### RISK/RETURN SCORE

TOP 10

| | |
|---|---|
| Dominion Equity Resource | 20.52 |
| Mavrix Dividend & Income | 11.93 |
| Sentry Select Canadian Energy Growth | 11.46 |
| Trimark Canadian Resources | 9.62 |
| Mac Universal Canadian Resource | 9.57 |
| CI Signature Canadian Resource | 9.55 |
| PH & N Dividend Income Series A | 8.15 |
| TD Energy - I | 8.04 |
| London Life Nat. Resource (MAXXUM) | 8.04 |
| Canada Life Flex Enhanced Dividend | 7.82 |

BOTTOM 5

| | |
|---|---|
| AIM Global Technology | 56.46 |
| AIM RSP Global Technology | 56.54 |
| CIBC Global Technology | 56.88 |
| Trans IMS Information Technology | -61.28 |
| First Trust Dow Jones Internet Tr 1999 | -71.09 |







# MACLEAN'S ROUNDTABLE
# OUTLOOK 2003

**War. Scandal. Scary markets. Our money experts had a lot to talk about.**

**GIVEN THE STOCK MARKET** chaos of 2002 and the prospect of war in 2003, there was plenty to consider for the four experts participating in *Maclean's* annual roundtable on the economy and investment in the coming year. In the magazine's boardroom in Toronto were Sherry Cooper, chief economist for BMO Nesbitt Burns, Gary Rearney, head of Edward Jones Canada, and Eric Sprott, CEO of Sprott Asset Management, whose mutual funds regularly top *Maclean's* annual performance charts. On speakerphone from his new office in New York was ex-Torontonian David Rosenberg, chief North American economist for Merrill Lynch. They were hosted by Assistant Managing Editor **Berton Woodward** and National Business Correspondent **Katherine Macklem**. Highlights of the session:

**How is the economy shaping up?**

**Cooper:** I believe the clouds will part in 2003. And I'm referring mostly to the United States, of course, because there aren't any clouds in Canada. For Canada, 2002 was an incredibly good year. But in 2003 I believe the Canadian economy will slow a bit to a growth pace of close to three per cent. And the U.S. economy is likely, as the year progresses, to become a bit more solid, around three per cent as well. We will see the weakening U.S. dollar begin to improve the U.S. competitive position. We'll also see that low interest rates, the tremendous stimulus coming from the Federal Reserve, will continue to have a positive effect. I don't believe the Fed will be required to lower rates any further. Then, of course, we've got the Bush tax initiative, and I think a good deal of it will become law by the summer. The psychological effect of it is very big, and the impact on 2004 will also be substantial.

I do think in the next couple of months we'll get a resolution in Iraq. Whether it's a war or not, Saddam will be gone, in my view, by the end of this year. And that, in combination with some sort of diplomatic resolution to the North Korean situation, will be part of what allows the sun to begin to shine through. The positive effect of the geopolitical tensions easing is just enormous.

And it's immeasurable in many ways, but I just think anybody who bets against the U.S. consumer is betting wrong. I think this is a buying opportunity in the stock market.

**Rosenberg:** I guess I'm not quite as optimistic. I think the major economic theme for 2003 follows the Chinese calendar, because it's the year of the sheep and this'll be the year of the sheepish recovery, part two. What I see for the U.S. is a repeat performance—choppy and sloppy growth, GDP coming in at around 2.5 per cent, which is about the same as 2002. And the bottom line is that I can't remember a time when the economy accelerated the year after the stock market was down more than 20 per cent and oil prices were up more than 50 per cent. So, if anything, there's probably more downside than upside risk to the forecast.

In Canada, it looks like 2002 growth was around 3.25 per cent. I think we're looking at 2.8 per cent this year. So it's once again going to be a situation where Canada most likely outperforms the U.S. and it will still be a leader in the G7, but growth will certainly be more moderate.

**With that backdrop, how should investors approach 2003?**

**Sprott:** We've ended a mania, a financial mania of mammoth proportions. Perhaps one of the best books on what happens coming out of a mania is Robert Shiller's *Irrational Exuberance*. One of his charts shows that stocks trade below 10 times earnings. In 1932 they traded below that. In '74 they traded down to, I think, seven times earnings. Our view has been that we may yet see those levels. I'm not predicting it's going to happen in '03 but I think ultimately we're going to see some real asset values go down.

**Cooper:** There's a case to be made that we don't need to go to a 10. But I do agree that, parocularly in a post-bubble valuation correction, you often overshoot on the downside and you can remain very, very cheap, very undervalued, for a very long time, just as we were very expensive and overvalued for quite a long time.

**So Eric, you think we're going to see the market lower by the end of the year?**

**Sprott:** Yeah, that's what I believe. I'm sort of a pragmatist, and I like looking at news

ILLUSTRATION BY GREG MABLY

every day I look at government revenues The U S government having to raise an extra $300 billion this year—my view is that interest rates will go higher, notwithstanding Mr Greenspan's efforts to keep them lower We look at U.S retail sales So far this year they're up two per cent year over year Every time retail sales growth is less than about 3 8 per cent, you go into a recession We went into it in 2000-2001, we went into it in 1990, we went into it in 1981-82, and this would suggest that we're in it today, because the growth is lower than even '01 right now, and the weakness just continues

**So what's an investor to do?**

**Sprott:** Well, I can tell you what we do Back in '99, 2000, we took a very defensive posture How do you make money in a secular bear market? Historically there's one way You own gold or gold shares or have cash You could also have long bonds, I just happen not to be an expert. I'm a huge believer in physical gold I think Canadians should consider owning it. It's about the only thing that's shown it would hold its value in the last two or three years We also own some oil and gas shares, and some income trusts, but again, very, very defensive positions

**Rosenberg:** I'd say stick with what's worked, and that means sticking with a conservative theme—quality and yield I think it's still a very speculative stock market, and the multiples are still very high When you take a look at high-quality stocks, they're trading at a discount to low-quality stocks So you're actually paying a premium to take on risk. The lingering story is that too much earnings growth is still priced in. There are geopolitical risks out there, prospects of a war, and an economy, I think, that's going to surprise the consensus to the low side

**Reamey:** Listening to the group, I guess at Jones we're pretty optimistic about the equity markets—both in the United States and Canada—over this year We see perhaps a five to 10 per cent increase in terms of the TSX and the S&P 500 As Sherry mentioned, the growth rate in Canada may be three per cent Consumers feel pretty good in Canada. On the U.S side we're probably more like David, around 2.5 per cent I have relatives in both countries and I can tell you in the States they're not feeling quite as good as they are in Canada. So for conservative individual investors, we would say you probably ought to have at least 50 per cent of your assets in good quality equities, in companies with a strong earnings history and a history of increasing dividends on their stock. Having said that, you want to be diversified—if you're owning individual stocks, over maybe five different industries to get appropriate diversification

**'I think there's a really good chance we're going to see the stock market take off'**

Sherry Cooper
Chief economist
BMO Nesbitt Burns



**'How do you make money in a secular bear market? You own gold or gold shares or have cash.'**

Eric Sprott
CEO
Sprott Asset Management

**'You're better off as a long-term investor being in the market with some of your money than sitting on the sidelines'**

Gary Reamey
Principal
Edward Jones Canada



**'Stick with what's worked, and that means a conservative theme. There are geopolitical risks out there, prospects of a war.'**

David Rosenberg
Chief North American economist
Merrill Lynch

**Any favourites?**

**Reamey:** In Canada, we like Sun Life. We think their merger with Clarica is going to bring some benefits Molson looks good We've got a lot of people reaching their twenties pretty quick, and those are the prime beer-drinking years And Enbridge, with a 3.5 per cent dividend yield and a chance for growth that looks attractive On the U S side, Pfizer, Emerson and Oracle look most attractive

**Rosenberg:** I think the U.S dollar has emerged as a major theme. This means you want to be invested outside the U S , because the currency can affect your total return substantially It's probably good news for basic materials and gold stocks Anything priced in U S dollars will be appreciating Energy fits in there as well, it has a fabulous long-term supply-demand picture in any event

And for the first time in six years, I think the U S consumer is going to underperform GDP What is the outlook for the consumer after we've destroyed $5 trillion of net worth over the past three years? That's unprecedented. Households diluted their home equity, borrowing against their house House prices are no longer rising, not nearly at the rate they were last year I think you basically want to avoid consumer discretionary stocks Technology, with extremely high valuations, is still our biggest underweight. We're also very cautious about financials

**Cooper:** I'm going to weigh in here with one thing I think interest rates—long-term interest rates—will be higher at year-end than they are today I think buying a government bond at this stage of the game you're going to earn no better than the coupon, and, in fact, you may have a capital loss on that.

We do also like the energy sector, and the gold sector But as I've said, I'm more optimistic about the outlook I think there's a really good chance we're going to see the stock market take off The demographics are such that mountains and mountains of money continue to pour into financial assets, and that money's gotta go somewhere People are only going to put up with one-percent yields on their money market mutual funds for so long

**Reamey:** I think one of the major risks for individual investors today is sitting on the sidelines too long The markets are up in both Canada and the U S by 15 to 20 per cent since October And sure, they're going to be choppy because you've got Iraq and you've got North Korea and lots of other things, but serious long-term investors still want to retire financially independent. You're better off as a long-term investor being in the market with some of your money than sitting on the sidelines waiting until the bold headline in the paper says now's the time to get in, which historically hasn't worked too well

**What kind of investor reaction are you seeing in the wake of the corporate scandals?**

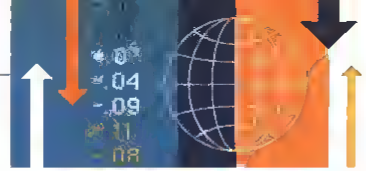
**Reamey:** Actually, our customers feel better today than they did 12 months ago They're starting to come off the sidelines and make investments They're still nervous if something in the headlines causes the market to be volatile, but they're more positive I think most of them are certainly not happy with the corporate scandal thing, but probably feel like that's behind us

**You've all mentioned the possibility of a war with Iraq. How much impact on the market would it have?**

**Cooper:** I can only go by what the experts in the military say, and from all of the reading that I do and the people whose opinions I respect, it appears that a U S endeavour would be rapid and successful If it's long, if it's drawn-out, if it's unsuccessful, obviously it's extremely negative for the economy, for financial markets, for everything but gold, Eric, and that's another reason why gold investments are a reasonable hedge at this stage But if the fighting is over in a matter of weeks, and there aren't huge numbers of American body bags, I think we will see a repeat of what happened in the first Gulf War Initially, oil prices rise, gold prices rise, the stock market doesn't like it. There is a flight to so-called safe-haven currencies, to bonds relative to stocks, and sentiment is very concerned, worried, nervous People are glued to CNN and they're not shopping, they're not doing anything, it's focus on the war But once it is complete and successful, all of those things are retraced and more so After the Gulf War, you got a big rally in the stock market, you saw the U S dollar come back, gold prices declined, oil prices declined sharply And we move on



PHOTOGRAPHS BY PETER BREGG/MACLEAN'S



# THE HOT 100 FUNDS

| FUND NAME | Fund Type | Assets | 1 Year Return | 3 Year Return | 5-Year Return | 10-Year Return | RRSP Eligibility | Volatility | Best 12 months | Worst 12 months | Average 12 months | Management Expense Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Resolute Growth | Cdn. small cap | 62.3 | 40.2 | 45.4 | 28.5 | | Yes | 28.5 | 86.6 | -17.7 | 23.6 | 2.10 |
| Sprott Canadian Equity | Cdn. equity | 179.8 | 39.3 | 42.3 | 29.8 | | Yes | 23.9 | 100.6 | -39.0 | 39.7 | 10.57 |
| Dominion Equity Resource | Natural resources | 26.1 | 41.3 | 34.2 | 19.6 | 16.9 | Yes | 27.1 | 163.0 | -42.8 | 14.3 | 2.48 |
| Norrep | Cdn. small cap | 37.5 | 20.7 | 25.2 | 17.5 | | Yes | 20.7 | 68.7 | -34.3 | 15.6 | 2.80 |
| Friedberg Toronto Trust Intl Sec. | Global equity | 8.1 | 18.0 | 27.4 | | | No | 28.2 | 94.2 | -33.7 | 13.5 | 2.00 |
| All Points U.S. Bear | U.S. equity | 1.2 | 22.5 | 23.0 | 6.0 | | No | 21.4 | 54.6 | -28.3 | -2.4 | 1.82 |
| Chou RRSP | Cdn. equity | 15.9 | 31.8 | 21.6 | 14.7 | 18.2 | Yes | 12.0 | 62.7 | -15.7 | 13.2 | 1.83 |
| Bissett Microcap Class F | Cdn. small cap | 53.5 | 38.2 | 21.1 | 21.7 | | Yes | 19.4 | 89.8 | -14.9 | 24.8 | 2.54 |
| Mawer New Canada | Cdn. small cap | 75.8 | 23.5 | 19.8 | 9.1 | 15.9 | Yes | 13.6 | 65.5 | -26.9 | 15.2 | 1.59 |
| Trimark Canadian Small Cos. | Cdn. small cap | 286.4 | 7.2 | 19.8 | | | Yes | 12.5 | 47.9 | -2.8 | 20.3 | 2.68 |
| Chou Associates | U.S. equity | 81.5 | 30.0 | 19.6 | 13.8 | 17.1 | Foreign | 13.8 | 47.4 | -17.1 | 15.6 | 1.87 |
| Mavrix Dividend & Income | Cdn. dividend | 35.0 | 8.1 | 17.8 | 8.0 | 7.7 | Yes | 10.2 | 42.6 | -23.0 | 8.8 | 2.23 |
| Trimark Canadian Resources | Natural resources | 84.3 | 15.8 | 17.2 | | | Yes | 16.1 | 44.7 | -6.5 | 16.8 | 2.64 |
| McElvaine Investment Trust | Cdn. equity | 28.1 | 5.0 | 17.0 | 19.3 | | Yes | 11.5 | 40.4 | -5.0 | 21.9 | n/a |
| North Growth U.S. Equity | U.S. equity | 125.9 | 2.0 | 16.6 | 12.6 | 15.9 | Foreign | 17.3 | 49.8 | -15.7 | 17.9 | 1.25 |
| Hirsch Performance | Cdn. equity | 3.3 | 12.0 | 16.2 | 17.3 | | Yes | 20.5 | 186.6 | -16.5 | 21.6 | 0.60 |
| Elliott & Page Growth Ops. | Cdn. small cap | 38.7 | 9.5 | 16.1 | | | Yes | 18.1 | 73.8 | -5.5 | 25.1 | 2.93 |
| PN & N Dividend Income Series A | Cdn. dividend | 1,389.4 | -7.2 | 14.6 | 10.1 | 16.5 | Yes | 13.4 | 57.9 | -9.4 | 15.1 | 1.16 |
| ABC Fundamental Value | Cdn. equity | 222.2 | 7.6 | 13.4 | 7.9 | 19.4 | Yes | 14.1 | 143.8 | -22.9 | 19.9 | 2.09 |
| Fidelity Small Cap America Sr A | U.S. small/mid cap | 383.5 | 23.4 | 13.2 | 8.9 | | Foreign | 22.4 | 68.7 | -23.4 | 16.8 | 2.53 |
| Saxon Stock | Cdn. equity | 95.4 | 0.3 | 13.1 | 9.1 | 14.1 | Yes | 11.9 | 57.4 | -18.3 | 12.0 | 1.75 |
| Beutel Goodman Small Cap | Cdn. small cap | 64.4 | -3.2 | 12.6 | 10.5 | | Yes | 16.6 | 64.3 | -16.9 | 18.4 | 1.52 |
| Scotia CanAm U.S.$ Income | Foreign bond | 39.3 | 9.8 | 12.5 | 8.5 | 8.2 | Yes | 7.3 | 22.3 | -8.4 | 8.7 | 1.92 |
| Friedberg Foreign Bond | Foreign bond | 29.3 | 21.8 | 12.1 | 8.7 | | Foreign | 8.2 | 21.8 | -7.6 | 5.3 | 0.93 |
| Empire Elite Dividend Growth | Cdn. dividend | 67.2 | -1.5 | 11.9 | | | Yes | 8.9 | 34.2 | -9.8 | 9.0 | 2.70 |
| Standard Life International Bond A | Foreign bond | 28.2 | 15.7 | 11.8 | 7.4 | | Yes | 8.8 | 26.6 | -13.6 | 6.5 | 2.00 |
| Saxon Balanced | Cdn. balanced | 47.3 | 3.0 | 11.7 | 7.7 | 12.0 | Yes | 7.9 | 41.8 | -15.0 | 10.3 | 1.75 |
| ABC American Value | U.S. equity | 29.2 | 6.9 | 11.7 | 7.3 | | No | 16.7 | 51.9 | -19.8 | 15.3 | 2.00 |
| Acuity Pooled Fixed Income | Cdn. bond | 9.0 | 11.1 | 11.6 | 8.7 | | Yes | 4.3 | 35.2 | -8.4 | 9.6 | 0.33 |
| CI Signature Select Canadian | Cdn. equity | 1,100.4 | 5.8 | 11.6 | | | Yes | 13.1 | 44.5 | -5.8 | 18.9 | 2.47 |
| Dynamic Focus + Balanced | Cdn. balanced | 64.4 | 7.1 | 11.1 | 8.0 | | Yes | 8.8 | 19.8 | -3.7 | 6.1 | 2.69 |
| BMO Dividend | Cdn. dividend | 1,452.0 | 1.6 | 10.8 | 8.2 | | Yes | 10.4 | 47.9 | -9.4 | 17.1 | 1.86 |
| Trimark Income Growth SC | Cdn. balanced | 1,707.5 | 2.2 | 10.7 | 8.0 | 10.8 | Yes | 6.4 | 34.6 | -13.6 | 10.7 | 1.67 |
| Royal Monthly Income | Cdn. balanced | 1,248.8 | 2.9 | 10.5 | 6.8 | | Yes | 5.1 | 25.7 | -6.6 | 6.4 | 1.25 |
| CIBC Monthly Income | Cdn. balanced | 660.7 | 6.3 | 10.5 | | | Yes | 5.6 | 25.6 | -1.9 | 8.9 | 1.18 |
| FISQ Zero coupon—profil Québec | Cdn. bond | 16.8 | 8.9 | 10.2 | | | Yes | 4.5 | 14.1 | -4.8 | 8.5 | 1.26 |
| Co-operators Cdn Conserv Inc. Eq. | Cdn. equity | 23.0 | 4.1 | 10.2 | 7.1 | 12.8 | Yes | 8.8 | 51.7 | -11.5 | 11.1 | 2.40 |
| Dynamic Focus + Guarant. Bal. | Cdn. balanced | 8.4 | 5.0 | 10.1 | | | Yes | 6.8 | 28.2 | -3.8 | 8.5 | 3.91 |
| Opus 2 Canadian Growth Equity | Cdn. equity | 6.6 | 1.1 | 10.0 | | | Yes | 17.2 | 37.8 | -11.0 | 13.3 | 2.17 |
| AIC American Focused | U.S. equity | 797.1 | -6.3 | 9.7 | | | Foreign | 10.7 | 41.3 | -6.3 | 11.9 | 2.62 |
| National Bank Dividend | Cdn. dividend | 214.4 | 1.8 | 9.7 | 7.5 | 8.5 | Yes | 5.2 | 19.9 | -3.3 | 9.0 | 1.76 |
| TD Monthly Income—I | Cdn. balanced | 88.7 | 9.5 | 9.3 | | | Yes | 3.6 | 13.1 | 1.3 | 7.0 | 1.29 |
| Mac Cundill Cdn Security Series A | Cdn. equity | 22.6 | 4.5 | 9.0 | 10.3 | 15.1 | Yes | 9.5 | 48.4 | -16.5 | 19.4 | 2.17 |
| PN & N Bond Series A | Cdn. bond | 1,203.2 | 9.0 | 9.0 | 6.8 | 8.6 | Yes | 3.6 | 23.5 | -6.1 | 8.9 | 0.57 |
| TD Real Return Bond—I | Cdn. bond | 300.5 | 13.0 | 8.9 | 7.5 | | Yes | 5.2 | 19.4 | -2.6 | 7.7 | 1.65 |
| Quadrus LLIM Income Plus | Cdn. balanced | 6.3 | 4.1 | 8.9 | | | Yes | 4.5 | 18.5 | -2.1 | 8.4 | 2.41 |
| TD Canadian Bond—I | Cdn. bond | 2,831.2 | 9.0 | 8.9 | 8.9 | 8.7 | Yes | 3.6 | 22.4 | -8.0 | 9.3 | 1.02 |
| Perigee Global Bond | Foreign bond | 10.3 | 15.4 | 8.9 | 7.2 | | Yes | 7.3 | 18.9 | -6.8 | 6.0 | 1.17 |
| Altamira Bond | Cdn. bond | 361.8 | 10.0 | 8.9 | 8.0 | 9.4 | Yes | 7.2 | 28.2 | -10.2 | 10.4 | 1.50 |
| CI Canadian Investment | Cdn. large cap | 700.5 | 0.0 | 8.7 | 6.9 | 11.4 | Yes | 9.3 | 43.7 | -16.8 | 9.8 | 2.53 |

**Assets:** amount, in millions, managed by fund **Return:** percentage return to Dec. 31, 2002. For periods longer than one year, average annual compound return is shown **RRSP eligibility:** indicates whether fund can be held in a registered retirement savings plan, including as foreign content **Volatility:** a measure (known as standard deviation) based on the variation in monthly returns over a three year period. A higher number indicates greater volatility **Best/worst/average 12 months:** maximum/minimum/average percentage return in any 12-month period over the past 15 years (or since fund's inception) **Management expense ratio:** yearly percentage of assets that goes toward running fund. These fees have been deducted from returns shown **n/a:** not available. Not all funds may be available in all provinces



## FIVE-STAR QUALITY

Which are the best of the best? Out of the more than 4,400 mutual funds in Canada, the 100 funds listed below were judged tops in their respective categories based on the Morningstar rating system. They were then ranked by their average annual compound return over three years. These are not necessarily the funds with the highest absolute returns. The five star rating system used by Morningstar factors in the fund's performance and risk adjusted return in its category (fund type) over three-, five- and 10 year periods. The scores for each period are weighted to arrive at an overall score—essentially, a measure of quality. The top 10 per cent of funds within each category receive the Morningstar five-star rating. *Maclean's* Hot 100 ranks the best of those, based on the ratings on Dec. 31, 2002. Excluded are funds with less than a three-year history, multiple versions of the same fund, funds that don't report asset size or don't deduct fees from returns, and those restricted to certain groups.

| | FUND NAME | Fund Type | Assets | 1-Year Return | 3-Year Return | 5-Year Return | 10-Year Return | RRSP Eligibility | Volatility | Best 12 months | Worst 12 months | Average 12 months | Management Expense Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 51 | ABC Fully-Managed | Cdn. balanced | 61.2 | 0.8 | 8.7 | 6.8 | 14.9 | Yes | 11.1 | 79.5 | 13.8 | 14.7 | 2.00 |
| 52 | Vertex Balanced Fund | Cdn. balanced | 37.7 | 2.9 | 8.7 | | | Yes | 12.0 | 34.1 | -6.3 | 12.2 | 1.20 |
| 53 | Beutel Goodman Income | Cdn. bond | 87.8 | 8.6 | 8.7 | 8.2 | 8.1 | Yes | 4.1 | 22.6 | 16.9 | 6.8 | 0.66 |
| 54 | McLean Budden Fixed Income | Cdn. bond | 65.4 | 7.2 | 8.7 | 6.2 | 8.2 | Yes | 3.8 | 21.6 | -8.3 | 9.4 | 0.70 |
| 55 | Bissett Bond Class F | Cdn. bond | 104.6 | 9.2 | 8.6 | 6.2 | 8.2 | Yes | 3.8 | 22.1 | -6.2 | 9.1 | 0.50 |
| 56 | Mac Cundill Cdn Bal. Series C | Cdn. balanced | 216.9 | 1.8 | 8.6 | | | Yes | 7.8 | 26.9 | -0.3 | 9.5 | 2.61 |
| 57 | London Life Income (LLIM) | Cdn. bond | 153.8 | 4.8 | 8.3 | | | Yes | 3.5 | 16.1 | -1.3 | 7.8 | 2.18 |
| 58 | Leith Wheeler Fixed Income | Cdn. bond | 47.4 | 8.0 | 8.3 | 6.2 | | Yes | 3.8 | 17.9 | -2.7 | 7.9 | 0.75 |
| 59 | Retrente Bonds | Cdn. bond | 42.7 | 7.3 | 8.1 | 5.7 | 8.8 | Yes | 4.4 | 24.1 | -6.2 | 9.7 | 1.95 |
| 60 | Mac Income Class A | Cdn. balanced | 623.0 | 2.3 | 8.0 | 8.1 | 8.1 | Yes | 4.2 | 21.8 | -8.3 | 8.7 | 1.97 |
| 61 | CI Harbour Fund | Cdn. equity | 1,774.1 | -0.6 | 8.0 | 7.9 | | Yes | 10.0 | 27.5 | 13.1 | 8.8 | 2.47 |
| 62 | Mawer Canadian Equity | Cdn. large cap | 35.5 | -0.9 | 7.9 | 5.8 | 10.1 | Yes | 11.8 | 42.5 | 16.1 | 10.0 | 1.55 |
| 63 | Renaissance Cdn Bal. Value | Cdn. balanced | 180.3 | 1.4 | 7.8 | | | Yes | 6.5 | 16.2 | 1.4 | 9.1 | 2.40 |
| 64 | Optimum Obligations | Cdn. bond | 5.4 | 6.6 | 7.8 | 5.6 | 8.2 | Yes | 3.4 | 25.0 | 7.0 | 8.2 | 1.68 |
| 65 | Astra 125 | Cdn. balanced | 1.8 | 6.9 | 7.7 | | | Yes | 5.8 | 15.2 | 7.2 | 4.3 | 2.57 |
| 66 | Trimark Global Balanced | Glbl. bal. & asset all. | 175.0 | -7.7 | 7.7 | | | Foreign | 16.1 | 25.4 | -7.7 | 11.1 | 2.59 |
| 67 | PH & N Sh. Term Bond & Mort. Sr A | Cdn. short-term bond | 153.0 | 5.8 | 7.5 | 8.2 | | Yes | 2.3 | 16.3 | 2.0 | 7.2 | 0.63 |
| 68 | Trans IMS Global Market Neutral | Glbl. bal. & asset all. | 38.2 | -0.3 | 7.1 | 3.1 | | Yes | 4.2 | 13.9 | 14.3 | 5.1 | 2.30 |
| 69 | CIBC Cdn ShortTerm Bond Index | Cdn. short term bond | 460.1 | 5.3 | 7.0 | 5.5 | | Yes | 2.4 | 17.9 | -4.3 | 6.3 | 0.97 |
| 70 | Standard Life Ideal Income Bal. Seg | Cdn. balanced | 52.6 | 0.8 | 7.0 | | | Yes | 4.6 | 18.2 | 3.9 | 6.2 | 2.40 |
| 71 | McLean Budden Cdn. Equity Value | Cdn. large cap | 43.5 | -4.9 | 6.9 | | | Yes | 11.3 | 37.6 | -4.9 | 16.0 | 1.30 |
| 72 | Value Contrarian Canadian Equity | Cdn. equity | 8.6 | -3.8 | 6.8 | 8.7 | | Yes | 12.6 | 42.1 | -8.6 | 15.5 | 2.00 |
| 73 | Mac Ivy Growth & Income | Cdn. balanced | 1,581.9 | -1.4 | 6.6 | 5.5 | 9.2 | Yes | 6.7 | 27.9 | -2.2 | 10.2 | 2.25 |
| 74 | O'Shaughnessy Canadian Equity | Cdn. large cap | 330.3 | -2.6 | 6.4 | 7.0 | | Yes | 11.9 | 32.3 | -13.6 | 18.8 | 1.85 |
| 75 | Mac Ivy Foreign Equity | Global equity | 3,142.5 | -2.2 | 6.1 | 7.9 | 11.4 | Foreign | 9.8 | 34.1 | -2.2 | 12.6 | 2.53 |
| 76 | Templeton Global Smaller Cos. | Global equity | 414.0 | -0.7 | 5.9 | 5.7 | 9.8 | Foreign | 11.4 | 37.5 | 20.8 | 10.9 | 2.80 |
| 77 | Evolution Canadian Equity Value | Cdn. equity | 13.2 | -9.1 | 5.8 | | | Yes | 11.0 | 28.4 | -9.1 | 5.5 | 2.50 |
| 78 | Mac Cundill Global Bal. Series C | Glbl. bal. & asset all. | 47.5 | -1.6 | 5.6 | | | Foreign | 7.8 | 15.5 | 1.6 | 7.7 | 2.82 |
| 79 | London Life Growth & Income (MF) | Cdn. tactical asset all. | 230.5 | -1.9 | 5.5 | | | Yes | 8.2 | 17.1 | 1.0 | 6.9 | 2.62 |
| 80 | Mac Cundill Value Series A | Global equity | 251.0 | 13.8 | 5.5 | 6.9 | 11.1 | Foreign | 13.1 | 46.7 | 18.2 | 10.6 | 2.17 |
| 81 | Clarica Summit Canadian Equity | Cdn. large cap | 112.4 | -4.2 | 5.4 | 4.8 | | Yes | 9.3 | 23.9 | -4.2 | 6.1 | 3.05 |
| 82 | Trimark Fund SC | Global equity | 3,495.0 | -5.8 | 5.4 | 7.8 | 12.9 | Foreign | 13.1 | 45.8 | 22.0 | 14.9 | 1.63 |
| 83 | AIM Canadian First Class | Cdn. equity | 609.1 | -7.5 | 5.0 | 10.1 | | Yes | 13.5 | 53.4 | -13.1 | 13.2 | 2.60 |
| 84 | Mawer Canadian Balanced RSP | Cdn. balanced | 101.8 | 0.1 | 4.9 | 5.4 | 9.0 | Yes | 6.6 | 30.2 | -6.1 | 9.4 | 1.10 |
| 85 | Renaissance Canadian Balanced | Cdn. balanced | 616.1 | -2.6 | 4.6 | 5.3 | 9.1 | Yes | 5.6 | 29.3 | -6.9 | 8.4 | 2.28 |
| 86 | Bissett Canadian Equity Class F | Cdn. equity | 589.5 | -8.0 | 4.6 | 4.3 | 12.8 | Yes | 12.7 | 55.4 | 15.0 | 13.0 | 1.29 |
| 87 | Trimark Select Growth | Global equity | 5,044.5 | -8.2 | 4.4 | 6.8 | 11.4 | Foreign | 13.4 | 44.2 | 17.9 | 13.4 | 2.43 |
| 88 | National Bank Treasury Mgmt. | Cdn. money mkt. | 941.3 | 2.9 | 4.4 | 4.6 | | Yes | 0.3 | 5.7 | 2.9 | 4.0 | 0.29 |
| 89 | Bissett Canadian Balanced Class F | Cdn. balanced | 248.5 | 2.4 | 4.3 | 4.3 | 10.1 | Yes | 7.0 | 34.7 | -5.3 | 10.9 | 0.94 |
| 90 | National Bank Corp. Cash Mgmt. | Cdn. money mkt. | 922.9 | 2.7 | 4.2 | 4.3 | | Yes | 0.3 | 8.7 | 2.7 | 4.5 | 0.41 |
| 91 | TD Premium Money Market—I | Cdn. money mkt. | 3,859.7 | 2.4 | 4.0 | 4.3 | | Yes | 0.4 | 5.5 | 2.3 | 4.5 | 0.32 |
| 92 | Royal Premium Money Market | Cdn. money mkt. | 4,591.9 | 2.3 | 4.0 | 4.3 | | Yes | 0.4 | 5.5 | 2.3 | 4.4 | 0.35 |
| 93 | FMOQ Money Market | Cdn. money mkt. | 18.0 | 2.2 | 4.0 | 4.2 | 4.6 | Yes | 0.4 | 12.8 | 2.2 | 6.2 | 0.40 |
| 94 | Perigee T-Plus | Cdn. money mkt. | 594.5 | 2.1 | 3.9 | 4.3 | 4.7 | Yes | 0.5 | 13.8 | 2.1 | 8.6 | 0.48 |
| 95 | North Growth Cdn. Money Market | Cdn. money mkt. | 20.7 | 2.3 | 3.9 | | | Yes | 0.4 | 5.6 | 2.2 | 4.0 | 0.25 |
| 96 | Trans IMS Money Market | Cdn. money mkt. | 4.1 | 2.5 | 3.8 | 4.1 | 4.4 | Yes | 0.8 | 11.8 | 1.7 | 5.2 | 1.00 |
| 97 | BMO Premium Money Market | Cdn. money mkt. | 1,483.3 | 2.2 | 3.9 | 4.2 | | Yes | 0.4 | 5.4 | 2.2 | 4.3 | 0.43 |
| 98 | Franklin Templeton Money Mkt. Cl. F | Cdn. money mkt. | 72.3 | 2.1 | 3.7 | 4.0 | 4.5 | Yes | 0.4 | 7.6 | 2.1 | 4.0 | 0.54 |
| 99 | Mawer Cdn Diversified Investment | Cdn. tactical asset all. | 37.0 | 1.2 | 3.5 | 4.7 | 8.4 | Foreign | 6.8 | 28.2 | -6.3 | 8.6 | 1.31 |
| 100 | Clarington Canadian Income | Cdn. balanced | 1,327.2 | -8.4 | 2.6 | 5.2 | | Yes | 8.8 | 15.0 | -8.4 | 6.9 | 2.44 |



# WHAT'S UP, DOC?

## The global economy is looking sick, and its medics need to find some carrots

**IN RECENT DAYS,** the economic data has morphed from mostly dull to mostly bad.

Germany's report on its economic growth last year could be summed up as "point two in '02," meaning that the locomotive of Europe went onto a siding and generated just two-tenths of a per cent expansion. The world's third-biggest economy is being chastised by the Euro-elites—not for growing at a barely observable clip, but for running too big a fiscal deficit. Having criticized the Schröder government's outdated economic policies in this space last year, I shall sincerely wish it the success of growing 50 per cent faster this year—point three in '03.

The U.S. economic numbers have been deteriorating, led by the trade deficit, retail sales and consumer confidence reports, which were, respectively, up big, flattish, and down sharply. The stock market, which opened the year with a bang, has switched to whimpering. What's wrong?

Many people blame the tension over Iraq. They say that if Bush would just be reasonable and leave Saddam alone, oil prices would collapse, consumer confidence would rebound, and we would all live happily ever after. Others cite the fearsome levels of consumer and corporate debt. By some measures, the last time private-sector debt reached this relationship with U.S. GDP was in 1929, and everybody knows how *that* turned out.

Others cite the burgeoning government budget deficits in Washington and state and local governments. By law, states (other than tiny Vermont) must not budget for deficits, so the rising tide of red ink is forcing legislatures to cut spending and find ways to boost revenues (other than through what are called taxes).

Closing deficits by cutting expenditures isn't easy, because, for most states, nearly two-thirds of their budgets go to Medicaid (medical care for the poor) and education. They have almost no control over Medicaid costs, and closing classrooms is a scary option. What they can cut is construction, and they're doing that. Problem: construction is one industry in which nearly all the dollars are spent at home, so cutbacks there flow right through to GDP and employment data, worsening an already worrisome situation. Although Washington is projecting deficits in the US$300 billion range, much of the economic stimulus such fiscal policies should produce is cancelled out by state and local cutbacks.

The economic doctors who declare when recessions end are not helping consumer confidence, because they have yet to affirm that the U.S. is completely out of recession. The manufacturing sector has been shedding jobs for years, and there are no signs the bleeding has been staunched.

Talk to business people, and the same word keeps coming up: China. They are calling China "the factory for the world," and say they can't justify expanding operations here even if demand should pick up. A senior officer for one of the best-known housewares and furniture merchandisers told me recently that they just keep shifting their buying to China, because American and European suppliers can't meet Chinese prices. "It used to be that Chinese goods seemed like bargains, but their quality was unreliable, so we wouldn't bite. But now, their quality is right up to our standards, and we're shifting more and more of our purchasing to them." She estimated that five years ago, China had a 10 per cent share of their housewares purchases; now it's at least half.

She noted that the published retail sales numbers, which generally showed year over year growth of three per cent or less, were misleading because of deflation at the wholesale and retail levels; prices for consumer goods were falling, so consumer purchases were actually up smartly, when measured by units. "It was a good season to be a consumer," she remarked, "but tough if you were a manufacturer."

Indeed. Manufacturers have been paying much more for the raw materials and semi-finished goods they buy at the same time they have had to cut prices on their merchandise. Commodity prices have been climbing seemingly across the board. Even such perennial disasters (for producers) as coffee and sugar have been doing well, joining oil, gas, metals and meats. Corporate controllers' departments are becoming wise squads, as they try to buy raw materials at affordable prices and control the falls in prices of their output against remorseless competition. Profit margins remain under the kind of pressure that used to occur only during deep recessions.

The one thing they feel better about is the U.S. dollar. It's falling so fast against the euro—and even against the yen—that some business people tell me they think their competitive position could strengthen later this year. They are bitter that China continues to peg its currency, the renminbi, to the dollar, so they can't close any part of the gap with their most formidable competitor, but at least they're looking better than manufacturers in Europe and Japan.

With competitive currency devaluations threatening economies in the industrial world, what can the economic doctors in the U.S., Europe and Japan do to get their economies moving? Canada's powerful performance is an anomaly within the G7, reflecting the devalued Canadian dollar, strong commodity components, and the nation's export access to the U.S. market.

Fed chairman Alan Greenspan keeps assuring Americans he will do all that is necessary, but that suggests even lower interest rates, scaring foreign holders of American dollar-denominated bonds and deposits. They are proving unwilling to keep reinvesting in America the US$1.5 billion or so they acquire each day from the current account deficit, so the greenback keeps falling.

The user of the expression, "What's up, doc?" was a noted lover of carrots. What carrots can the doctors find, and how soon can they deliver them? M

**Corporate profit margins remain under the kind of pressure that used to occur only during deep recessions**

Donald Coxe is chairman of Harris Investment Management in Chicago and of Toronto based Jones Heward Investments. dcoxe@macleans.ca







# CANADA'S FLYING COFFINS

## Our Sea King helicopters are a greater threat to their pilots than the enemy

**WITH THE DRUMS** of war beating in our ears, we must face the uncomfortable but undeniable fact that the dedication of our fighting men and women is beyond question, while most of their equipment is beyond salvage.

A case very much in point is the CH-124, better known as the Sea King. Some 41 of these ship-borne helicopters were built for the Royal Canadian Navy by United Aircraft in Montreal between 1963 and 1969. Over the past 40 years, these Flying Wallendas have become unguided missiles, more dangerous to their pilots than their enemies.

A dozen Sea Kings have self-destructed, killing 10 crew members. Since 1993, when the current government moved into power, Jean Chrétien has done nothing about this urgent problem except to cancel the $5.8-billion deal for 50 EH-101 ultra-modern choppers ordered by the Mulroney government to replace the outmoded Sea Kings. That act of political revenge cost taxpayers $478 million in penalty payments charged by the contractors.

Ever since, the Prime Minister has been under pressure to replace the Sea Kings. During his time in office there have been 22 major incidents including forcing these aerial coffins to abort missions or carry out emergency landings, once on a Halifax golf course. They have endured so many close calls that it is nothing short of criminal to ask our pilots to continue flying them. The surviving 29 Sea Kings, which are still marginally operational (though it takes 30 hours of maintenance to keep one airborne for 60 minutes) could be deployed in the next Gulf War, if there is one. They would be more of a liability than an asset.

What's not generally appreciated is that these choppers are not a luxurious appendage to the patrol frigates that carry them. In any hostile situation, the helicopters are the fighting warships' essential eyes and ears. William Kinsman, who once commanded a frigate and continued to advocate a strengthened navy after his retirement in 1972, put it best when he testified before a Commons committee in 1998. "It took 15 years to design and build the 12 Canadian patrol frigates," he told the MPs. "It had been planned that their capability in any of their foreseen roles would be increased tenfold by the addition of the EH-101 helicopter, which was the only helicopter with the design capabilities to meet the operational requirements. These are excellent ships. They must be given that essential, over-the-horizon capability which a high performance helicopter can give them. In any operation the ships may be called upon to undertake, whether it is involved in aerial surveillance or anti-missile or anti-submarine protection of other forces, new, suitable helicopters to replace the Sea Kings must be acquired as soon as possible."

That was five years ago and nothing has been done about it since. Now, Defence Minister John McCallum has waded into the issue, and the outcome of his intervention may be the ultimate test of his so far brief but stormy stewardship. The question is no longer whether to replace the crippled birds, but what the criteria will be for purchasing their replacement: will it be lowest price, or best value?

As in all important issues, Chrétien has been front and centre in making sure he gets his way. In this case, that has involved responding positively to the repeated lobbying of French President Jacques Chirac on behalf of N.H. Industries, a French company sworn to delivering the lowest priced aircraft. The other two likely bidders are the Americans through Sikorsky Aircraft Corp., of Stratford, Conn., and EH Industries, the British conglomerate tapped for the original order under Brian Mulroney.

Here is where the politics comes in. Shortly after Chrétien took office, the Department of National Defence urgently required 15 search and rescue helicopters to replace its Labradors, which had the distinction of being the only aircraft still aloft that were older and more useless than the Sea Kings. National Defence once again picked the EH-101, though in a cheaper version that became known as the Cormorant.

Now, the generals and admirals want to replace the Sea Kings with a variant of the same British choppers, but the Prime Minister has dug in his heels. To allow that would only prove he was wrong to cancel these same choppers in 1993, and to pay that huge penalty for doing so. It is an open secret in Ottawa that the PMO ordered DND to lower its operational (not safety) requirements for the new order, to closer meet the specifications of the French choppers. Raymond Chrétien, the PM's nephew who happens to be Canada's ambassador to France, has been boasting privately that the order is in the bag, because the French model will cost the least.

This leaves McCallum in a tight spot. He has not publicly declared his intentions, but he is well aware that the strategic planners at DND have unanimously opposed (in writing) the procurement by price-alone policy. The notion that major long-term purchases should be based on value rather than cost alone is being quietly supported by Auditor General Sheila Fraser. In an April 6, 2001 letter to Senator Michael Forrestall, she emphasized the importance of "obtaining value for money" and used such code phrases as "full life cycle costing" and "risk analysis" to make the point that price alone should not be the determining factor in major government contracts.

John McCallum, who seems doomed to controversy (the fate of any Ottawa politician determined to actually do something), faces the added problem of challenging the Prime Minister's will on the issue at the same time as he is seeking a generous addition to defence funding in the coming federal budget.

Even if McCallum gets his way, it would take at least four years before the new choppers are delivered. We must pray there will be pilots to fly them. M

**For Defence Minister John McCallum, getting the right replacements may be the ultimate test of his stormy stewardship**

Peter C. Newman's column appears monthly. pnewman@macleans.ca





# SUBLIME TRACES

## Vast landscapes explore human manipulation of the world

**DECADES OF EXCAVATION** had left an open pit at the Bingham Canyon copper mine in Utah four kilometres wide and one kilometre deep. Toronto photographer Edward Burtynsky travelled there in 1983, producing an astonishing image of concentric rings in the rock descending to a brilliant green pool. The scale of the landscape is difficult to read until the viewer, spotting the minute trains and trucks at the base of the pit, perceives its enormity. Burtynsky refers to the picture as one of the first to achieve what he'd been striving for: a sense of vastness that did not give "itself away immediately." For the 47-year-old photographer, the back-and-forth experienced by the viewer, drawn in by details that illuminate the whole, is a way of expressing a disconnect between the small part of the world most of us inhabit and the huge impact our consumption of resources has on out-of-the-way landscapes.

*Manufactured landscapes. The Photographs of Edward Burtynsky*, at the National Gallery in Ottawa until May 4 (the opening is Jan. 31), follows the work of one of the country's top photographers over the past 25 years. A common thread is Burtynsky's interest in the production and disposal of everyday things. He has created images of mining wastelands, recycling works, exhausted quarries, shipbreaking yards and the otherworldly landscapes of oil fields and refineries.

Although his images are frequently spectacular and seductive, Burtynsky disputes their beauty, preferring to see them in what he terms the "contemporary industrial sublime." The Romantic notion of the sublime, with its view of humanity struggling against a powerful nature, has been reversed in a world where the landscape has been dominated by human progress. Burtynsky does not intend his work to be a critique of specific industries, but rather the beginning of a dialogue about how our actions affect the world.

*Mines #22* (Utah); (above) *Shipbreaking #49* (Bangladesh)

COURTESY OF MIRA GODARD GALLERY







*Rock of Ages #4* (quarry in Barre, Vt.); (left) *Densified Scrap Metal #3a* (Hamilton); (top) *Carrara Marble Quarries #24* (Italy)

COURTESY OF MIRA GODARD GALLERY







# SIDEWALK RAGE

## After a guy slammed into me, I began to wonder: why are pedestrians so dumb?

**ONE SPRING DAY** in Toronto a few years ago, I was walking to work with a colleague of mine, something we did each morning. Moving briskly along the wide sidewalk on Dundas Street West near University Avenue and chatting nonstop, we didn't notice the well-dressed, middle-aged businessman coming toward us. All of a sudden, I was body-slammed with such a crushing force that I stumbled backward several steps and sucked in my breath sharply.

"Oh my God!" I remember crying out, as my left shoulder began to pulse painfully. My friend and I turned around to look at the culprit, who had started to shout wildly at us and flail his arms. He was yelling something about why we did we have to take up the entire sidewalk, and that we should watch where we were going. We were both so stunned by his action that we said nothing in response, we just stood there, shaking a little and gaping at him in disbelief.

Clearly, that man was suffering from a terrible case of sidewalk rage. My only explanation for his disagreeable behaviour was that something had made him angry that morning, and he had chosen to take it out on me instead of dealing with the real source of his frustration or, at the very least, picking on someone his own size. The thing is, my friend and I weren't walking in the middle of the spacious sidewalk, we're both pretty slim, and we were well within our half of the concrete. Even if we had crossed over the invisible line that separates people moving in opposite directions, it would have been no excuse for this man's nasty action and words.

When we arrived at work, I told the story to some colleagues and was surprised at how violated I felt by the attack. After the incident, I became increasingly more aware of the etiquette—or lack of it—of pedestrians on sidewalks. When you don't own a car, you can spend a great deal of time on the subject, so I began to consciously monitor it.

Today, after years of studying the phenomenon, I have finally arrived at a conclusion: people are dumb. I mean really, how big an IQ do you need to recognize that when someone is walking alone on a sidewalk and there are two or more people coming toward that person shoulder to shoulder—and the sidewalk isn't one of those super-wide numbers—the bigger group needs to squeeze closer together or, God forbid, form a single line? I call it "giving," as in the bigger group must "give" to the smaller. It doesn't take a Mensa member to figure that one out, folks. And never mind that to move over is just old-fashioned good manners. Remember those?

During my 10 years in Toronto, I put this bad behaviour down to the distracted and self-absorbed nature of big-city life. After all, if you jam a bunch of people into a certain amount of square footage, such as a rush-hour subway car or the elevator at the CN Tower in July, it's inevitable that you'll have to give up some personal space and that, eventually, someone will get irritated. So when my husband and I moved to Halifax two years ago, I couldn't wait to stroll that city's many narrow sidewalks with a feeling of freedom. I figured that if Maritime drivers are so polite that they voluntarily yield to jaywalking pedestrians, surely that same civilized conduct would spill over onto the sidewalk.



ILLUSTRATION BY BA L GELTNER

Boy, was I wrong. Although I hesitate to paint all Haligonians with the same brush, there are certainly enough people in this city of roughly 360,000 who are just as ignorant about proper sidewalk courtesy as are Greater Toronto's nearly five million residents (perhaps some of them have moved to Halifax?). Whether it's a group of university students on their way to the pub or members of one of the city's many running clubs, watch out—if you are a sole sidewalk occupant headed in the opposite direction of the horde, you'd better hop out of the way or face being trampled.

At times, I have felt myself starting to bubble with anger when my husband (a fellow crusader) and I have been out for an evening power-walk in our south end neighbourhood and, yet again, we have to "give" to people coming our way. Sometimes we try to fake them out. "I dare you not to move," he'll say to me, encouraging a game of sidewalk chicken. But at the last minute, I can feel a phantom throbbing in my left shoulder—and I remember that stranger's red angry face—so I step quickly behind or in front of my husband and out of harm's way.

I confess that once I did whirl back around on a group of unruly college kids who refused to give and, as a result, forced me to press myself against a stone wall while they trooped by. I hollered, "There is only one of me and there are five of you, where did you expect me to go?" They turned to look at me, briefly and blankly, and then continued on their way. I did feel better for having said my piece, but I also felt a little ashamed, like I had given up some semblance of the carefully preserved self-control that separated me from the angry man in Toronto.

There are rules for the sidewalk just as there are rules for the road. They just haven't been recorded, so the onus is on us to put them in place. The next time you step onto the cement, try to give just a little, and then see what happens. Hopefully you'll be rewarded by a small smile of thanks. You'll certainly get one from me. M

Jane Doucet is a writer and editor in Halifax
To comment: overtoyou@macleans.ca



# DOWN BY THE BAYS

## Destiny is the driver in two new Canadian movies: a grim tragedy and a surreal fable

**WE TALK ABOUT** Canadian cinema, as if it exists. But even if the "two nations" concept has run its course politically, there are two distinct cinemas in this country—English and French—and their personalities are poles apart. Just take a look at two movies being released this month. English Canada's *The Bay of Love and Sorrows* and Quebec's *Chaos and Desire* (originally *La turbulence des fluides* in French). Superficially, there are some striking parallels. Both are landscape films set on bays near the Gulf of St. Lawrence—New Brunswick's Miramichi Bay and Quebec's Baie-Comeau. Both feature cocky protagonists who come home from the Far East to find themselves in dangerous waters. And both narratives are powered by a gothic undertow of destiny.

Yet they're as different as a funeral and a baptism. *The Bay of Love and Sorrows* is a bleak descent into a kind of back-road realism, with barely a wisp of redemption. Whatever its merits, it can only reinforce the common perception that Canadian films are grim and austere. *Chaos and Desire* is a cosmic fable in which anything seems possible. (After *Maelström's* talking fish and *Un crabe dans la tête's* rapture of the deep, it's yet another bizarre example of the aquatic surrealism favoured by a generation of Quebec directors who seem to have water on the brain.) Both films, by the way, are beautifully photographed and impeccably acted. But each is so extreme in its own fashion that you leave the theatre wondering how anyone dared make them in the first place.

Set in 1973, **The Bay of Love and Sorrows** is a story of class conflict and betrayal. Michael (Jonathan Scarfe), the son of a wealthy judge, comes home from a year's travels in Asia full of talk about communal living. With his daddy's yacht and an Olds convertible, Michael is the rich kid on a late-summer joyride to utopia. He rents a rundown farm, romances a white-trash spitfire named Madonna (Joanne Kelly), and impresses the hell out of her pill-popping teenage brother, Silver (Christopher Jacot).

But most smitten is Carrie (Elaine Cassidy), a naive maiden who's engaged to Michael's old friend Tom (Zachary Bennett). Tom's a stoical farmer who's been caring for his retarded brother since their parents' death. And he doesn't have time for Michael's big ideas. So instead, Michael falls in with Everette (Peter Outerbridge), a sinister ex-con who was once jailed by Michael's father. Everette has a big idea of his own. It involves a drug deal. And, of course, it will go terribly wrong.

Adapting his own novel with writer-director Tim Southam, David Adams Richards has telescoped a complex plot. And in his feature debut, Southam shows a sensitive eye for composition. With rich tableaus, spare dialogue and an ethereal soundtrack, the film evokes the novel's flatly ominous tone. But it lacks the juice. The novel's carnality seems absent. And there's not enough passion established between Carrie and Tom, or Carrie and Michael, before the long slide to perdition sets in.

Still, the performances are strong. As the tarnished golden boy, Scarfe has a glint of movie-star charisma. As the slow-fused villain, Outerbridge conveys a creepy menace, while Jacot is like a walking firecracker. In her first screen role, Newfoundland's Joanne Kelly plays the sexy tough girl with savage assurance. And as the sweet, sacrificial virgin, Cassidy proves that her delicate incandescence in Atom Egoyan's *Felicia's Journey* was no flash in the pan.

But the actors seem bound by engraved archetypes. As the narrative shuttles back and forth between characters, it's hard to pull emotional focus on one in particular. The alchemy of adaptation is a fragile thing, even when done by the author—or especially when done by the author. Richards has compressed a complex story rife with criminal secrets and cookie jars of hidden cash. He has retooled the main hinges of the plot, making Michael a budding art photographer. And he has reduced the death toll. But with dark deeds driven by tangential motives, there's still more tragedy than the narrative can bear. And no matter how lovingly crafted, *The Bay of Love and Sorrows* harbours more sorrow than love. One could argue that life's like that. But at the movies we expect something more.

**Both pictures are so extreme that you leave the theatre wondering how anyone dared make them in the first place**

**Chaos and Desire** could serve equally well as a title for *The Bay of Love and Sorrows*, or almost any other movie you can think of. It's one of those generic titles that are used to translate foreign-language fare into Hollywood English. But you don't have to be a French major to decipher the original title, which serves as a much more precise description of this wildly eccentric movie from Quebec.

Pascale Bussières stars as Alice, a seismologist working in Tokyo who is sent back to her birthplace of Baie-Comeau to investigate a weird phenomenon: the tides have stopped. She arrives to find the weather unbearably humid. The air smells like sex and people are behaving strangely. Each night a young Chinese girl sleepwalks past the window of a diner, where the world-weary owner (Geneviève Bujold) takes refuge from insomnia. A hunky water bomber pilot named Marc Vandal (Jean-Nicolas Verreault) flirts with Alice and tells her to look him up, but she finds his number has been ripped from every phone book in town. Meanwhile a lesbian friend from her student days (Julie Gayet) shows up out of the blue and volunteers to work as her assistant.

The brisk, no-nonsense Alice simmers with frustration, both sexual and scientific. She's recovering from a broken heart, impatient to erase her past, but emotions keep surfacing like water welling up through sand. There's nothing subtle about the symbolism in this tale of a woman who can't swim studying the movement of water. And in the end, writer-director Manon Briand (*2 Secondes*) ties up the various strands of her metaphysical riddle with preposterous symmetry. But the story remains true to its own wacky internal logic, and weaves a beguiling magic.





**Jacot (left) and Kelly are white-trash siblings; Bussières is self-possessed and enigmatic**

As always, Bussières is a magnetic presence. Onscreen she's like a cat: sleek, self-possessed and wilfully enigmatic. And from the opening frames, her character seems trapped by the film's momentum. As a friend reminds Alice that "even the most careless fish return to their birthplace to die," the camera cuts from a shot of her watching a procession of sushi on a restaurant conveyor belt in Tokyo to a moving sidewalk at the airport. Briand juxtaposes images with surreal wit reminiscent of Robert Lepage, and seems preoccupied by some of the same themes—things Japanese, synchronicity and the turnstile between science and faith.

Despite the fanciful premise, you sense there's something profoundly personal going on in the seismic baptism of *La turbulence des fluides*. Briand, in fact, has more than a casual connection to water. Ever since her childhood, she's been an ardent swimmer. "It's the thing that gives me the most pleasure," she told me in an interview last week. "Nothing is stronger for me. It's also beautiful to shoot." That explains why she volunteered to direct *Heart—The Marilyn Bell Story*, a TV movie about the brave school girl who swam Lake Ontario in 1954.

Like Alice in *Chaos*, the 38-year-old filmmaker found herself being pulled back to her birthplace. Baie-Comeau may be best known as the hometown of Brian Mulroney, but it's also where Briand lived until she was 17. "What I like about it now is what I hated when I was young," she said. "It's remote, it's wild. You can be alone. I didn't plan on going to shoot there. I just imagined the idea of a woman looking for the disappearance of the tide. But then I realized I couldn't shoot it anywhere else."

Curiously, just four months after Briand finished shooting her seismological fable, Baie-Comeau was rocked by a moderate quake. Like Alice, the director is a skeptic. "I resist mystical theories," she says. "I need proof of everything." But in returning home to make a movie that searches for the roots of coincidence, she has found an undeniable resonance. M



©COURTESY OF YERBEAU IMAGE/ODEON FILMS INC

COURTESY OF MANON DEMERS/ODEON FILMS INC



**FILM** | 50

### A widower under the influence

Taking creepy and bizarre roles has paid off for New York actor Philip Seymour Hoffman.



**BOOKS** | 50

### This *Friend* was a decade in the making

It took author Donna Tartt 10 years to write *The Little Friend*, the follow up to her best-selling debut, *The Secret History*. But it was worth waiting for this well crafted novel about a 12-year-old girl's determination to solve her brother's murder.



## People | Plays like a dream and looks like one too

**William "Grit" Laskin's** three-room workshop in Toronto is impeccably clean. Dozens of chisels, clamps and wooden jigs cover the walls, and pieces of precut spruce fill a floor-to-ceiling shelf. Everything is in perfect order. For Laskin, a world-renowned guitar maker, that's the only way he can operate. "When you're working with stuff that's delicate, the slightest little fleck of something will make an indentation," he says. "If I have to sand something because it got a little ding, I could ruin the guitar."

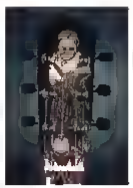
Musicians and collectors from as far away as Germany and Japan covet Laskin's steel-string, classical and flamenco guitars, which have a clear, rounded sound. And Laskin takes the tradition of intricate neck inlays a step further. He first etches the patterns—his designs have included portraits of jazz musicians and one resembling the work of **M.C. Escher**. He then fastens coloured pieces of seashells, ivory, azunte and other materials. While the base price for a Laskin hand-made original is around US$7,000, they've gone for as much as US$18,000.

The 49 year-old artisan started making guitars in 1971 as an apprentice, and two years later he set out on his own. Since then, Laskin figures he's built about 600 guitars—and there's currently a 2½-year waiting list. Folk great **Stan Rogers** played a Laskin, **Rik Emmett** is a fan and the Canadian Museum of Civilization in Gatineau, Que., has four in its collection. Of course, Laskin, a part-time folk musician, plays one too. "I love the acoustics of my guitars," he says, but adds that he's still searching for the perfect sound. "It always seems to be just a bit out of reach." MICHAEL SNIDER

Laskin (above) takes guitar-neck inlay designs a step further (below)

**THE DETAILS**

For more information and examples of Laskin's inlay designs visit: www.williamlaskin.com



## Listings | Off to the gallery

**E.J. Hughes**
**Jan. 30-June 8**
The Vancouver Art Gallery exhibit is a survey of 70 years' worth of work (made up of 127 pieces) by the B.C. realist landscape painter.
Vancouver

**Between Line and Form**
**Until March 16**
An Ottawa Art Gallery exhibit with Toronto's **Ed Pien** and Kai Chan and Montreal's **Sarah Stevenson** and **Martha Townsend** examines the relationship between drawing and sculpture.
Ottawa

**Gambler**
**Feb. 1-March 9**
Thousands of puzzle pieces scattered on a table in the Winnipeg Art Gallery make up this interactive sculpture by performance artist **Colette Urban**.
Winnipeg

**The Uncanny: Experiments in Cyborg Culture**
**Until Feb. 23**
An Edmonton Art Gallery exhibit delves into the relationship humans have with machines, using both historical and contemporary pieces.
Edmonton

**Voyage into Myth: Gauguin to Matisse**
**Jan. 31-April 27**
Musée des beaux-arts de Montréal hosts an exhibit from the State Hermitage Museum in St. Petersburg, Russia.
Montreal



CLOCKWISE FROM TOP LEFT: PHOTOGRAPH BY PETER BREGG/MACLEAN'S; WILLIAMLASKIN.COM; COURTESY OF WILLIAMLASKIN.COM




## Sport | Your rink or mine?

Hockey is a combative game. So the tenaciousness of those taking part in the ongoing fight over where Canada's best loved sport actually began should come as no surprise. The latest salvo came from **Martin Jones**, a lawyer from Dartmouth, N.S., who last November published *Hockey's Home Halifax Dartmouth—The Origin of Canada's Game*. Jones argues that the first contest was played on Lake Banook in Dartmouth in the early 1800s—and soon spread across the harbour to Halifax. "I've found more than 100 pieces of factual evidence pointing to this conclusion," says Jones, who used newspaper articles, recorded eyewitness accounts, old drawings and the works of other historians to build his case. "If some other area in Canada can present factual evidence to the contrary, I'll be the first to congratulate them."

**Howard Dill**, a pumpkin farmer from Windsor, N.S., 60 km northwest of Dartmouth, might be up for Jones's challenge. Dill and some local historians say that the 19th-century writings of Sam Slick creator **Thomas Chandler Haliburton** prove the game—a version of Irish hurley, played on ice by Maritimers—got its start on a pond on Dill's land back in the early 1800s. "Everybody else," says Dill, "is just trying to high stick and elbow Windsor out of the way."

To further complicate matters, last summer the Society for International Hockey Research issued an 18-page document refuting the Windsor claim on the grounds that Haliburton's book wasn't credible evidence. The historical panel, however, doesn't know where the game started, although it did note that Montreal was where the first indoor hockey game was played in 1875.

But as the new book by Jones shows, that report is hardly the last word on the subject. Dill, meanwhile, steadfastly refuses to take down the sign proclaiming his farm the "Cradle of Hockey." Adds Jones: "The amazing thing is that we're still fighting about it after all this time." JOHN DEMONT

**In a battle over the birthplace of hockey, Dill (above) says his pond saw puck action first**

PHOTOGRAPH BY SHANNON HENNIGAR



## Film | Huffing his way to leading man status

Last week, a Canadian movie, *Owning Mahowny*, starring **Philip Seymour Hoffman**, premiered at the Sundance Film Festival in Utah. That same week, an American indie film, *Love Liza*, also starring Hoffman, opened in Canada. In the former, Hoffman plays Dan Mahowny, a character based on Toronto banker **Brian Molony**, who in the 1980s embezzled over $10 million from the CIBC to feed a gambling addiction. In *Love Liza*, Hoffman takes on the role of Wilson Joel, a widower who starts sniffing gasoline.

The 35 year-old New Yorker is note perfect in *Love Liza*, making a guy who finds comfort in fumes seem normal and the act of huffing gas fathomable. "Wilson's got a good career going," says Hoffman. "He's not a drinker or a drug addict. But he's seen the kids sniff gas in the neighbourhood and he thinks gas smells good, kind of. He just thinks, 'Oh, I'll drive over to the gas station and smell it and see what happens.' But the gas is beside the point, it could have been anything."

Hoffman's no stranger to bizarre parts. For instance, in director **Paul Thomas Anderson**'s latest, *Punch-Drunk Love*, he has a small role as a mattress salesman/phone-sex pimp. "I'm the nightmare in that little dreamy love story." But with *Love Liza*, the actor's breaking out of ensemble pieces and is carrying the movie by himself. Forget gas — Hoffman's huffing success. SHANDA DEZIEL

## Books | A taste for Tartt

There is much ado about **Donna Tartt**—she received a whopping US$450,000 in 1992 for her critically acclaimed first book, *The Secret History*, which had an exceptional first printing run of 75,000 copies, she is close friends with sensational novelist **Bret Easton Ellis**, she's vague about her Mississippi upbringing. And there is the little matter of taking a decade to produce her recently released second novel—*The Little Friend* (Knopf). (*Secret History* also took 10 years but nobody was waiting for that one, jokes Tartt.) However, despite the buzz, the 39-year old author, who divides her time between New York and Virginia, remains grounded and enthusiastic about her craft. "I write the only way I know how," she says, "which is actually fairly painstakingly and fairly slowly. I'm happy when I'm tinkering around with a sentence or a word, adjective, comma. I am absolutely the happiest when I am noodling around on a tiny level."

Tartt's attention to minute detail is evident throughout *The Little Friend*. The story is about a 12-year-old girl, Harriet, who is determined to uncover the mystery surrounding her brother's murder. In a style that is at once intimate and reserved, Tartt paints scenes that appeal to all the senses—the smell of a dead possum, the crackle of a tinny kitchen radio, the surreal brightness of a storm lightened sky. And while the tension builds with the worlds of children and adults colliding, Tartt says for her the way the story is told is as important as the events in the book. "I wanted it to be beautiful but also to really gallop in places," she says, likening the process of writing a novel to planning a road trip. "You know that you're starting in New York and are going to end up in L.A. but you have to be alert as the journey goes along for things like shortcuts or prettier ways to go."



Although her book is for adults, Tartt wanted to recapture that "really deep, dreamlike state of childhood reading—breathlessness and having your heart pound." So the author, who wrote both her novels in longhand, returned to well-crafted favourites of her youth, such as *Treasure Island* and Sherlock Holmes to create the right atmosphere for *The Little Friend*. As a result, there is a certain precision in the unfolding of the story, a rhythm that leads the reader ever deeper into the dark world of dysfunctional families, suppressed memories and murder. By taking her time, Tartt has certainly mastered the art of crafting a good yarn. AMY CAMERON

## Diversions | Tamara Hickey



The Toronto-based actress (*Blue Murder*) is currently enjoying:

BOOKS: *PRODIGAL SUMMER* by **Barbara Kingsolver**. "Her narrative is so amazing. The book follows a few characters who are connected through their community and through nature."

MUSIC: ANI DIFRANCO. *So Much Shouting So Much Laughter*. "I just love her words. She is first and foremost a poet and is such a great storyteller."



PHOTOGRAPH BY PETER BREGG/MACLEAN'S (TOP); COURTESY OF BLOOMSBURY (BOTTOM)



## Books | The struggle for Judaism's sacred ground

Christianity is not the only world religion that has spent much of the recent past debating the role of women within its institutions and rituals. It is a burning issue in Judaism too, one encapsulated in the 14-year struggle of a group of women to conduct full religious services at the Kotel, Jerusalem's historic Western Wall. As Phyllis Chesler and Sivka Haut, two of the major figures in the movement, recount in their powerful tale of yearning, *Women of the Wall* (Jewish Lights), by law women are not permitted to pray aloud, there as a group, wear prayer shawls or chant from the Torah. When the Women of the Wall, a mixed group of Orthodox, Conservative, Reform and even secular Jews, tried to perform those actions at the Kotel in December 1988, they were shaken by the response. In the first of many violent encounters, they were shoved and cursed—denounced as Nazis and whores by ultra-Orthodox Jews—and driven away. Since then the women have pursued the right to worship at Judaism's holiest site through the courts, and now await a verdict from the Israeli Supreme Court.



## BESTSELLERS

### Fiction

| | | POSITION LAST WEEK |
|---|---|---|
| 1. | **CROSSROADS OF TWILIGHT,** Robert Jordan (2) | 3 |
| 2. | **THE LOVELY BONES,** Alice Sebold (26) | 1 |
| 3. | **THE NAVIGATOR OF NEW YORK,** Wayne Johnston (28) | 2 |
| 4. | **THE LAST CROSSING,** Guy Vanderhaeghe (15) | 8 |
| 5. | **THE CRIMSON PETAL AND THE WHITE,** Michel Faber (3) | 9 |
| 6. | **THAT OLD ACE IN THE HOLE,** Annie Proulx (4) | 7 |
| 7. | **UNLESS,** Carol Shields (41) | 4 |
| 8. | **BAUDOLINO,** Umberto Eco (13) | 5 |
| 9. | **THE POLISHED HOE,** Austin Clarke (13) | 6 |
| 10. | **FAMILY MATTERS,** Rohinton Mistry (42) | 10 |

### Non-fiction

| | | |
|---|---|---|
| 1. | **PARIS 1919,** Margaret MacMillan (12) | 1 |
| 2. | **STUPID WHITE MEN,** Michael Moore (46) | 2 |
| 3 | **BIRDS,** Robert Bateman (17) | 3 |
| 4. | **THE RIGHT MAN,** David Frum (1) | |
| 5. | **FLINT & FEATHER,** Charlotte Gray (28) | 4 |
| 6. | **LEADERSHIP,** Rudolph Giuliani (3) | 5 |
| 7. | **CATS I HAVE KNOWN AND LOVED,** Pierre Berton (6) | 7 |
| 8. | **HISTORICAL ATLAS OF CANADA,** Derek Hayes (3) | 6 |
| 9. | **BUSH AT WAR,** Bob Woodward (9) | 10 |
| 10. | **WINSTON CHURCHILL,** John Keegan (2) | 9 |

( ) Weeks on list
Compiled by Brian Bethune




## INTERNET GUIDE

**Mastermindtoys.com**
**Ships to Canada and the U.S.**
**FREE gift-wrapping and gift tags**

The 100% Canadian on-line toy store with Lego, Thomas and Brio wooden trains, Corolle dolls, K'NEX, science kits, a librarian-built book selection, puppets, arts & crafts, brain teasers, jigsaw puzzles, board games, music, software and more.

mastermindtoys.com

**Lamin-8 Services Inc.**
**Order PHOTO PLAQUES at www.lamin-8.ca**

LAMIN-8 Picture Perfect Lamination

Turn your favourite digital pictures into laminated plaques. Visit our website and send your photos—we'll print, mount and laminate a top-quality 8 x 10 for only $18.00 plus taxes (includes free delivery Canada wide). Ready for easy hanging or desk-top display. Perfect for gifts.

**Solarc Systems Inc.**
**Ultraviolet Phototherapy Equipment**
**Toll Free: 1-866-613-3357**

**PSORIASIS? VITILIGO?**
Ultraviolet light can be an effective treatment option. Home units are available. Made in Canada for over 10 years. A physician's prescription is required.
**www.solarcsystems.com**

**Deep River Science Academy**
**www.drsa.ca**
**1-800-760-DRSA**
**Summer Science Camp**

DRSA

**SCIENCE AND FUN IN THE SUMMER!** Teens spend six weeks doing hands-on research with scientists in leading labs. Gain two high school credits, and enjoy a full recreation program. The application deadline: **March 14, 2003**

**Henry's Photo, Video, Digital**
**www.henrys.com**
**email: info@henrys.com**

HENRY'S

Two ways to shop at Henry's! Visit us on line and browse through thousands of your favourite photo, video and digital brands. We've also got Canada's largest on-line selection of used equipment, checked, warrantied and updated daily. Check out **www.henrysauctions.com** for our extensive selection of items currently on eBay. Trust the imaging experts at Henry's. Canadian-owned and operated. Safe, secure on-line shopping from Canada's award winning photo imaging store.

**Global On-line System**
**www.wealthy.net**
**1-888-373-6503**



Need more income? Ready for a change? Work at home on-line with this proven internet system. Modeled on federal government regulations and Better Business practises. Earn $500-$5,000+ per month, part to full time. One-to-one training and support.

**Undeclared Income?**
**Avoid Criminal & Civil Penalties**

**Paul DioGuardi, Queen's Counsel**
**Tax Lawyer (37 Years Experience)**
**1-866-758-9030 www.diogeordiendeo.com**

Before you're caught, we can negotiate a beneficial tax settlement on a **NO NAME** basis—no need to proceed further unless fully acceptable. **Lawyer-client confidentiality** assured (unlike us, your accountant cannot offer this legal protection). For best results, we deal at Revenue Canada (CCRA) head office level. **Substantially discounted tax settlements possible.**

**Earn a degree**
**without interrupting your career**

CVU-UVC

www.cvu-uvc.ca

UNB College of Extended Learning & Canadian Virtual University



# A DEAD MAN'S NEW LIFE

## Upstart Mario Dumont has given hope to Quebec Premier Bernard Landry

**RENÉ LÉVESQUE** would have bet the farm on this one. The poker-playing premier who first led separatists to power in Quebec in 1976 knew a straight flush when he saw one. An end-of-regime federal government, wielding a budgetary surplus verging on highway robbery, barging into a sacrosanct provincial jurisdiction to call the shots on health care—while little old ladies sleep on stretchers in emergency-ward corridors, due to budget restrictions in Quebec in an election year—would have been too good a hand to pass. A snap election, denouncing the arrogance and the insensitivity of the federal Trudeaucrats would have galvanized public opinion.

This is exactly the hand Premier Bernard Landry has been dealt, but he is playing it with surgical gloves, so to speak. Landry has been tempted, for months, to crank up the old crusade against Ottawa. But trial balloons and focus groups have told him exactly what Joe Public has been saying on the phone-in shows: stop whining, Bernie, and find a way out of the health care mess.

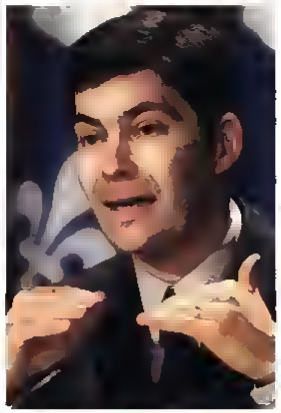
This is 2003. The world has changed, and our bureaucrats and their bureaucrats are all friggin' bureaucrats now.

There are few certainties in politics. That there will soon be an election in Quebec is one; thus is the fifth year of the second mandate of the Parti Québécois—a run that was started by Jacques Parizeau, continued by Lucien Bouchard and, now, by Bernard Landry. That the electorate has seen enough of Landry and his minions, and wants to dump them short and rude, is almost as certain. But that the PQ will indeed be routed in the election, now expected for the spring, is just not that certain any more.

Last May, I wrote a story in this magazine, calling Premier Landry a dead man walking. The story was accurate, mind you, and well-sourced, I swear to you. Landry is just less dead now than he was a year ago. That happens all the time in politics.

What happened? Mario Dumont happened. Dumont's fledgling Action démocratique du Québec won four by-elections during a three-month period last year, boosting the ADQ's representation in the National Assembly from one to five and triggering Mario mania. Polls last summer showed Dumont flying high, leading with 40 per cent. "I don't think people were proactively supporting the ADQ in these by-elections," pollster Jean-Marc Léger says now. "They were happy to record a protest vote without wasting their ballot."

What Mario did—everybody calls him Mario—was break the province's political deadlock. Elections in Quebec have always been high-anxiety affairs. Normal citizens elsewhere go to the polls to pick a government. Here, people have been asked instead to buy an identity kit. You were either *un Péquiste* or *un fédéraliste*. And God knows what the preachers on the hustings could make of those labels: from sellout or traitor to socialist or separatist lunatic, there was no place to hide. The middle class is, by definition, never that radical, and the fence sitters, the uneasy soft nationalists, have always been the target of both Liberals and Péquistes.



What happened? Mario happened.

JACQUES BOISS NOTC/CP PHOTO

neither could win a majority without wooing them. They have a new name now: the 450s—from the area code of the urban sprawl surrounding the island of Montreal, home to much of the francophone middle class. And a new political label, too: ADQ.

Dumont's spectacular rise in the polls last spring stunned the Péquistes—they have put an end to their incessant squabbling and now show a modicum of discipline behind Landry. It also jolted the Liberals wide awake. Leader Jean Charest hit the boonies, shook a lot of hands, and published his new platform in a frantic effort to convince voters that he deserves the top job.

Mario? He became fair game for all and the media. He could not maintain such a high popular standing. He has been losing support since the fall. Without the ADQ, Bernard Landry was dead meat, and Jean Charest had a sure thing going, indeed. But today, all three parties are on an equal footing, with roughly one-third of the electorate behind each one, waiting for the starter's gun. All three have a statistical chance of winning a tight race.

This will be a fratricidal feud: both the PQ and the ADQ are splinters of the original Liberal party. The PQ under Lévesque split in the sixties and became a more collective minded, nationalist and lefty formation. The ADQ under Dumont split more recently, and is more individualistic and Republican-conservative. All three parties are flawed somehow. Jean Charest—still a former federal Tory for many—has yet to demonstrate that he belongs. Dumont's problem is different. People like his youthful originality, his ability to think outside the box. But he is too far to the right to rally a majority. The day he waters down his style, though, he loses his credibility and becomes just another pol. The Peqs? Even separatists have seen enough of them.

Three-way elections are a rarity in Quebec—a province ruled by sweeping waves, and one that has never had a minority government. The last real three-way vote in Quebec was 1976. That year, the province's anglophones voted massively for the Union Nationale, thus helping the Parti Québécois in many key ridings on its way to toppling the Bourassa government—its first victory.

What this time? An Italian-style carnival in the National Assembly? Stay tuned. M

Benoit Aubin is *Maclean's* Quebec bureau chief
response@macleans.ca



The Forth rail bridge and the Triumph Bonneville T100
two icons of design and engineering craftsmanship. Each
with a strength and majesty that spans generations.
Powered by a traditional parallel-twin but with modern
refinements to bring it into the new millennium, you could
call it 'industrial evolution.' The Triumph Bonneville
still rocking, now more mod.
BUILT TO LAST
A FEELING OF
TRIUMPH




Visit your nearest BMO Bank of Montreal branch and talk to one of our highly trained investment professionals about building a sound portfolio around term investments and mutual funds. It costs nothing, and there's no obligation. It's just solid ideas and advice for the world you live in.

1-800-665-7700 or www.bmo.com

BMO Financial Group

For the world you live in.™

®™ Registered trade-marks of Bank of Montreal, used under licence. BMO Mutual Funds are offered by BMO Investments, Inc., a financial services firm and separate entity from Bank of Montreal.